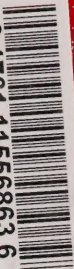


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2001 Monitoring and Assessment Report



March 2002

The Honourable Jane Stewart
Human Resources Development Canada
Place du Portage, Phase IV
140 Promenade du Portage
Hull, Quebec
K1A 0J9

Dear Minister Stewart:

We are pleased to present *the 2001 Employment Insurance Monitoring and Assessment Report*, the fifth in a series of annual reports to be submitted to the Minister of Human Resources Development by the Canada Employment Insurance Commission under Section 3 of the *Employment Insurance Act*.

This fifth report focuses on the period April 1, 2000 to March 31, 2001 – the fourth full fiscal year the Employment Insurance system was in place. The report presents a detailed analysis of what is known so far about the impact of the 1996 Employment Insurance reform on income benefits as well as the new employment benefits and support measures. It compares results for 2000/01 to 1999/00. In this context, trends for the periods between 1995/96 and 1997/98 and 1998/99 to 1999/00 identified in the *2000 Monitoring and Assessment Report* are also discussed. In addition, the report provides updates on improvements in program administration; community adjustment; and savings realized during the period under review. The report also takes a preliminary examination of what is known about the recent changes to Employment Insurance made under Bill C-2 and the enhancement to parental benefits.

You should note that our findings on the impact of changes to the Employment Insurance program for this period are still somewhat incomplete. For example, as it takes several months following the end of a claim before administrative information is available for analysis, the information about claims that started in the latter part of 2000/01 will only be available later. In addition, information on measures such as the benefit repayment provision comes via the tax system, therefore the most recent information on this provision was for 1999.

We trust that you will find the report informative.

Claire M. Morris
Chairperson

Anthony Wohlfarth
Commissioner for Workers

Maryantonett Flumian
Vice-Chairperson

Peter Doyle
Commissioner for Employers

Employment Insurance

2001 Monitoring and Assessment Report

Submitted to:

The Minister of Human Resources Development Canada

March 28, 2002

By:

The Canada Employment Insurance Commission



Prepared by:

Human Resources Development Canada
Strategic Policy
Labour Market Policy Directorate

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Table of Contents

Introduction	a
Executive Summary	i
Chapter 1 – Context	1
Chapter 2 – Income Benefits	9
Chapter 3 – Employment Benefits and Support Measures	29
Chapter 4 – Program Administration	41
Chapter 5 – Impacts	49
<hr/>	
Annex 1 – UI/EI Legislative History	
Annex 2 – Income Benefits Data Tables	
Annex 3 – Employment Benefits and Support Measures Data Tables	
Annex 4 – Community Profiles	

The Employment Insurance (EI) program, introduced in July 1996 and January 1997, represented the most fundamental restructuring of the Unemployment Insurance program in 25 years. That is why the Government of Canada included a legislative requirement for the Canada Employment Insurance Commission to monitor and assess the impacts of the reform in a series of five reports covering the years 1997 to 2001. This exercise informed the changes introduced in Bill C-2, an *Act to Amend the Employment Insurance Act and the Employment Insurance (Fishing) Regulations*, which received Royal Assent on May 10, 2001. This exercise also informed changes to EI regulations on undeclared earnings, effective August 12, 2001, and small weeks, effective November 18, 2001. In light of the need to modify the EI program in the context of sound evidence,¹ the monitoring and assessment period has been extended for an additional five-year period, from 2001 to 2006.

This is the fifth Employment Insurance Monitoring and Assessment report and it focuses on the period April 1, 2000 to March 31, 2001, the fourth full fiscal year that the Employment Insurance system has been in place.

Chapter 1 sets the context for the results by providing an overview of the Canadian labour market and briefly reviewing recent changes to the program. The results for Income Benefits are described in Chapter 2. The support provided to unemployed workers through active re-employment measures, known as Employment Benefits and Support Measures, is discussed in Chapter 3. Chapter 4 provides an overview of program administration including quality service initiatives and the financing structure of EI. In

Chapter 5, findings are summarized and conclusions are drawn as to how individuals, communities and the economy are adjusting to the changes.

I. CANADA EMPLOYMENT INSURANCE COMMISSION

The Canada Employment Insurance Commission has four members who represent the interests of government, workers and employers. The Chairperson and Vice-Chairperson (the Deputy Minister and Associate Deputy Minister of Human Resources Development Canada) represent the interests of the federal government. The Commissioners for Workers and Employers represent the interests of workers and employers, respectively. Among its other responsibilities, the Commission has been assigned the legislated mandate to monitor and assess the impacts of EI reform. Under the 1996 EI Act, the Commission was to provide a report to the Minister by December 31 each year. However, under Bill C-2, this date has been changed to allow for sufficient consultations with provinces in the preparation of this report. The Employment Insurance Commission must now provide the Minister with the report no later than March 31. The report is then to be tabled by the Minister in Parliament.

The 1996 reforms were far-reaching, affecting the fundamental design of the program. The 2001 amendments were a reflection of the program's responsiveness to changing economic and labour market conditions. It is the monitoring and assessment process that helps provide a broader understanding of the

¹ The Monitoring and Assessment report makes use of many sources of information in analyzing the effects of the changes introduced under Employment Insurance. In addition to HRDC administrative data, Canadian Out-of-Employment Panel (COEP) survey data and information from Statistics Canada, evaluation studies that are funded by HRDC are also used. As in previous reports, this report includes references to evaluation studies that touch on both Part I and Part II benefits of the *Employment Insurance Act*.

effectiveness of changes implemented, as it reports on the impact of reforms on individuals, communities and the economy and helps contribute to the evolution of the program by providing feedback on how EI is assisting Canadians with temporary income support and re-employment measures.

II. LEGISLATED MANDATE

Specifically, section 3(1) of the *Employment Insurance Act* states that:

"The Commission shall monitor and assess:

- (a) how individuals, communities and the economy are adjusting to the changes made by this Act to the insurance and employment assistance programs under the *Unemployment Insurance Act*;
- (b) whether the savings expected as a result of the changes made by this Act are being realized; and
- (c) the effectiveness of the benefits and other assistance provided under this Act, including
 - (i) how the benefits and assistance are utilized by employees and employers; and
 - (ii) the effect of the benefits and assistance on the obligation of claimants to be available for and to seek employment and on the efforts of employers to maintain a stable workforce."

In addition, under Bill C-2, section 3(2) of the EI Act was amended to extend the monitoring and assessment process to 2006 and to allow the Commission more time for the preparation of the report. The Act now states that:

"The Commission shall report to the Minister on its assessment annually from 2001 to 2006, no later than March 31 following the end of each of those years. The Commission shall make any additional reports at any other times, as the Minister may request."

I. CANADIAN LABOUR MARKET

While the Canadian labour market continued to perform well for most of 2000/01, a downturn in the economy became evident in the fourth quarter of the reporting period. For example, during the first quarter, employment growth was 2.8%, while in the final quarter, it was only 1.6%. Overall, employment grew by 330,000 or 2.3% in this reporting period. Full-time employment growth was 2.5%, nearly double the rate of growth of part-time jobs and 90% of all new jobs created were full time. Further, employment growth was concentrated in paid employment, with 84% of all jobs falling into this category. This is significant because paid employment is insured under Employment Insurance (EI) whereas self-employment is generally not.

However, the pattern of employment growth during the 2000/01 reporting period should be noted. The number of people who were unemployed began to reflect the weaker economy in the last quarter of the reporting period. The unemployment rate in March 2001, the end of the reporting period, was 7.0%, up from 6.8% in April 2000, the beginning of the period. It is also important to note that the year-over-year change in the unemployment rate was different for women than for men. In March 2001, women's unemployment rate was 6.5%, down from 6.7% at the beginning of the period. Meanwhile, men's unemployment rate increased to 7.5% in March 2001, from 6.9% in April 2000. The increase in the unemployment rate for men can be traced to a significant slowdown in the manufacturing sector in the final quarter of 2000/01.

The weakening of the economy between December 2000 and March 2001 is significant, as the period since EI reform in 1996 has been characterized by uninterrupted growth and a declining reliance on EI. As the economy began to weaken, and unemployment rates increased towards the end of the reporting period, Canadians needed to turn to the program in greater numbers. It is within this context that the responsiveness of EI is particularly important.

The key features of the Canadian labour market in 2000/01 were as follows:

- **Employment growth** was higher for women (2.8%) than for men (1.8%) in 2000/01. This reflects significantly higher growth in the services-producing sector (2.6%), where women tend to be more highly represented, relative to the goods-producing sector (1.2%).
- The **labour market situation continued to improve for women** as their unemployment rate fell to its lowest level since 1976. Further, while women continued to be more likely than men to work part-time, employment growth for women in 2000/01 was almost entirely in full-time employment. Men experienced higher growth in part-time employment than in full-time work.
- Nearly **two-thirds of new jobs created for youth in 2000/01 were full time**. However, despite strong employment growth (3.6%) for youth during the reporting period overall, employment growth actually declined in the fourth quarter. Historically, youth have been one of the first groups to be adversely affected by an economic downturn.

- **Older workers** continued to experience higher than average employment growth at 3.8%. However, growth rates declined significantly during the reporting period. In the first quarter, employment growth for older workers was 5.7%, compared to just 1.7% in the fourth quarter.

- **Self-employment appears to have reached a plateau.** After increasing throughout the 1990s and reaching a peak of 16.7% in 1998, self-employment represented 16.0% of the Canadian labour force in 2000. The fact that the proportion of the labour force that is self-employed has remained high, despite strong employment growth in paid employment, could indicate that its rise throughout the 1990s was not just a cyclical response to the lack of job opportunities in paid employment.

- **Education continued to be a critical factor** in determining labour market success. While employment grew by 3.2% for post-secondary graduates and 3.3% for those with a high school education, employment declined in 2000/01 for those with less than a high school education. Those with the lowest skill levels become the most vulnerable to job loss when economic activity begins to slow.

II. INCOME BENEFITS

Total new claims for EI benefits increased by 2.4% in 2000/01, while total benefits paid declined by 1.0%. This disparity can be explained by the fact that most of the increase in new claims occurred in the fourth quarter of 2000/01 (11.1%), when economic activity slowed. The matching benefits were, therefore, not paid until 2001/02, after the current reporting period ended. The breakdown of claims by type of benefit was as follows:

- regular benefits claims increased by 0.8% to 1.37 million;
- fishing benefits claims increased by 11.0% to 28,229; and
- special benefits claims increased by 6.0% to 425,550.

Benefits paid were broken down as follows:

- regular benefits declined 2.7% to \$6.8 billion;
- fishing benefits increased 8.6% to \$235.6 million; and
- special benefits increased 5.2% to \$1.8 billion.

The fact that EI is there for Canadian workers when they need it became evident when the economic slowdown had a disproportional impact on those with strong labour force attachment; that is, those who had never or rarely used the program in the past. This is reflected by the fact that there was an increase in claims of 8.1% by those with long durations of insured employment prior to filing a claim. In contrast, claims for those with short and medium employment spells actually declined in 2000/01. Moreover, new claims increased for first-time and occasional claimants, yet decreased slightly for frequent claimants.

Regular claims for women fell by 2.5% while those of **men** increased by 3.1%. This follows a pattern noted in previous Monitoring and Assessment reports, and demonstrates the continued strength in the labour market for women. The increase in claims for men in 2000/01 reflects the downturn in the economy in the final quarter, which was tied to a decrease in demand for consumer goods in the United States. The economic slowdown had a considerable impact on manufacturing industries, where men tend to be more highly represented, and explains much of the increase in regular claims.

Regular claims for **youth** were unchanged in 2000/01, despite strong employment growth for the period. This was a direct result of the downturn in the economy in the fourth quarter when youth claims increased by 7.3%, highlighting the vulnerability of youth in times of economic uncertainty.

Regular claims by **older workers** increased by 4.7% in 2000/01. Moreover, claims by older workers with long durations of insured employment increased by 12.8% compared to an increase of 8.1% for all workers with long durations of insured employment. This is important because older workers tend to be unemployed for longer periods than other workers when they are between jobs, largely because they are less mobile.

In order to focus on the impact of EI at a more micro level, the 14 representative communities were examined. Analysis showed that those communities that rely upon seasonal employment continued to experience high unemployment rates and a proportion of frequent claimants, which was well above the national average. However, even in communities with the highest rates of unemployment, claimants used only about 70% of their EI entitlement, indicating that the program was responsive to local labour market conditions.

Coverage was analyzed using a number of different measures. Analysis of the employed population, using the Survey of Labour and Income Dynamics (SLID) demonstrated the responsiveness of the Variable Entrance Requirements to the labour market. EI eligibility was relatively the same in regions with high unemployment rates as in those with low unemployment rates, due to automatic adjustments to the entrance requirements. Evidence indicates that 88% of paid employees would have been eligible for EI had they lost their jobs in December 1998, with eligibility being almost the same for men (97%) and women (96%) working full time.

Alternatively, other measures of coverage focus on the unemployed population. The Employment Insurance Coverage Survey (EICS) indicated that 83.2% of the EI target population was eligible to receive EI benefits in 2000, up 2.8 percentage points from 1999. The EI target population consists of paid employees who lost or quit a job with just cause in the last 12 months. Additionally, although it is too broad of a measure to reliably reflect the effectiveness of the EI program because it includes individuals who the program was not intended to cover, the beneficiary to unemployed (B/U) ratio has remained stable at 45%.

Special benefits claims continued their upward trend in 2000/01, increasing by 6.0%. The number of new special benefits claims increased in the fourth quarter, that is, the first three months of 2001. It is believed that this increase was largely due to the reduction in the number of hours required to qualify for special benefits from 700 to 600, and the enhanced duration and flexibility of parental benefits, effective December 31, 2000. Increased participation by men in parental leave also became evident as men's claims for biological parental benefits increased by 44% over the entire reporting period, and by 62.6% in the first three months of 2001, when the extended duration and enhanced flexibility measures came into effect. However, it should be noted that because the new parental regime was only in effect for three months of the reporting period, it is too early to draw firm conclusions on its impacts.

Claims for sickness benefits increased for the third consecutive reporting period. In 2000/01, sickness claims rose by 8.4%, contributing to the increase in special claims. Following the commitment made in last year's Monitoring and Assessment report, further analysis of sickness benefits was undertaken. Results showed that most of the growth in sickness benefits since EI reform has been due to increases in claims for pure sickness benefits,

that is, sickness benefits that are not combined with regular or other types of special benefits. The main factors driving the increase in pure sickness benefits were growth in paid employment, the aging of the EI-eligible population, and year-to-year claims volatility, which occurs as a result of different rates of economic growth across sectors of the economy. It is suspected that when growth occurs in the services-producing sector, where many workers are not covered by private benefit plans, claims for sickness benefits will increase. Sickness benefits will be examined further in subsequent reports.

The analysis of the **Small Weeks** pilot project in this year's report covered the period from the introduction of the pilot in November 1998 to March 2001. Results indicated that about 13% of claims established in participating regions included small weeks. Women benefited from the project more than men, filing 59% of all claims with small weeks. Youth filed 18% of small weeks claims. Evaluation results indicated that the Small Weeks project has worked as intended, with claimants increasing their total weeks of work by 2.1 weeks. The small weeks provisions have been made a permanent and national feature of the EI program, effective November 18, 2001.

Benefits paid to **fishers** increased by 8.6% in 2000/01. This was the result of an increase in the overall value of resources harvested and the elimination of the intensity rule during the reporting period. Analysis continues to indicate that fishers are qualifying for benefits with relative ease as 98% of fishing claimants qualified for benefits with more than the minimum required insured earnings.

The average weekly top-up paid under the **Family Supplement** increased by 1.6%. However, total benefits paid declined by 2.3%. The strong labour market of 2000 resulted in

more family incomes rising above the \$25,921 income cap and, in turn, has led to fewer individuals qualifying for the Family Supplement.

As was reported in previous Monitoring and Assessment reports, the proportion of claimants reporting **work while on claim**, a flexible provision designed to promote work attachment, has been declining. This trend continued in 2000/01. In order to determine whether the design of the provision is creating disincentives to work while on claim, analysis using the EI administrative data was undertaken. Preliminary analysis indicates that claimants may be hesitant to accept a week of work while on claim unless they can reduce their benefits to zero and keep that week of entitlement for later use. Moreover, it suggests that first-time and occasional users are much more willing to accept a partial week of work than frequent claimants. The provision will be further analyzed to better understand how its design affects the incentive to accept work while being on claim.

Some elements of EI reform were designed to reduce the costs of the program while still providing adequate support to claimants. Initially, the analysis of **savings** in the report was designed to focus on incremental savings to regular benefits from the 1996 reform measures that were intended to generate cost reduction. These included the maturing of the Maximum Insurable Earnings freeze, the intensity rule and the benefit repayment provisions, partly offset by the increased costs of the Family Supplement. However, the EI program has undergone a number of changes over the past two years, making it difficult to separate the relative impact on savings from the 1996 reforms, the more recent changes to special benefits in Bill C-2, and changes in the economy. Nevertheless, the analysis that could be done indicates that savings from these measures were in line with the expectations set in 1996.

In support of legislative changes and in response to increased claim loads, an administrative strategy is in place to ensure that the program remains responsive to clients' needs. To this end, HRDC is working with employers and workers to ensure that the highest **quality service** is provided. In line with HRDC's objective of providing quick, efficient service to its clients, a new initiative was introduced to permit more accurate and timely processing of EI claims, and efforts continued to enhance the balance between speed of service and accuracy and quality of payments. Further, EI claims were received on a pilot basis over the Internet, expanding the choices available to Canadians. Additionally, EI appeals continue to be heard in a timely fashion by independent boards in 83 appeals centres across Canada.

III. EMPLOYMENT BENEFITS AND SUPPORT MEASURES

The 1996 reform emphasized the use of active re-employment measures, known as Employment Benefit and Support Measures (EBSMs). Partnerships with the provinces and territories established through Labour Market Development Agreements (LMDAs) allow provinces/territories to use EBSMs to meet the needs of local labour markets. Both the number of clients served and the number of EBSM interventions remained stable in 2000/01, despite the increase in the number of new EI claims. This was due to the fact that most of the increase in claims occurred in the final quarter of 2000/01 and there is a lag between the time that an individual becomes unemployed and the time when that individual seeks re-employment assistance. Further, not all new EI claimants will seek assistance through EBSMs.

As was the case in previous reporting periods, short-term interventions accounted for the majority of new interventions in 2000/01. At

over two-thirds, this is reflective of a strong economy and labour market where short-term interventions are often determined to be the best option to meet clients' needs.

Women's participation rate in both long- and short-term interventions remained relatively stable in 2000/01. While women participated in nearly half of all interventions, overall, they were more likely than men to participate in short-term rather than long-term interventions because fewer women participate in apprenticeship training programs. Long-term interventions increased for persons with disabilities, decreased for Aboriginal peoples, and remained stable for members of visible minorities.

Finally, the key EBSM success indicators of returns to work and unpaid benefits remained relatively stable in real terms in 2000/01, reflecting the overall strength of the labour market.

IV. SUMMING UP

The responsiveness of the EI program to the economy was confirmed in 2000/01. As growth slowed at the end of the reporting period, Canadians accessed the program in greater numbers. Increases in claims for EI benefits occurred among Canadian workers who do not often use the program. That is, those with long durations of insured employment and first-time and occasional claimants. Moreover, the Variable Entrance Requirements ensured comparable access across all regions. Variable Entrance Requirements are designed to respond quickly to changing labour market conditions by extending the entrance requirements and the duration of benefits as unemployment increases.

While the elements of EI reform continue to meet their primary objectives of providing temporary income support to people who lose their jobs and helping them return to work,

the program was modified in 2000/01 to address some provisions that were not functioning as well as expected. As a result, the intensity rule was eliminated, the clawback threshold was raised, and first-time claimants and special benefits claimants were exempted from the clawback provisions. Furthermore, the re-entrant rules were adjusted so that parents re-entering the labour force after taking an extended leave to care for young children faced the same entrance requirements as other claimants in their region.

In 2000/01, adjustments were also made that extended the duration of parental benefits and improved its accessibility and flexibility. However, it is too early to draw firm conclusions regarding the impact of these provisions.

This chapter provides the economic context in which the Employment Insurance (EI) reforms of 1996 can be assessed for fiscal year 2000/01. The first section of the chapter outlines key labour market changes and the second section describes the recent legislative context.

I. LABOUR MARKET CONTEXT¹

1. Overview

Although growth has slowed since the last reporting period, as shown in Chart 1, the Canadian economy and labour market performed well in 2000/01. Declining demand for consumer goods in the United States resulted in a corresponding slowdown in the Canadian economy in the fourth quarter, as trade with the U.S. decreased.

Chart 1: Economic Context since EI Reform



Source: Labour Force Survey

2. Employment

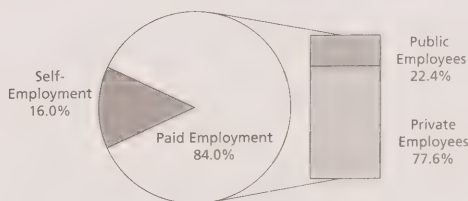
About 5.2 million Canadians were hired and 5.0 million left their jobs in 2000/01, further reflecting the dynamic economy during most of the reporting period. Employment increased

by 330,000 (2.3%) in 2000/01 from 14.6 million to nearly 15.0 million. This was lower than the growth in 1999/00 (2.8%). In 1999/00, all of the employment growth was full time with part-time employment declining. In comparison, growth was 2.5% in full-time employment and 1.3% in part-time work in 2000/01, a further indication of the slowing of the economy. In contrast to 1999/00, employment growth was higher in the services-producing sector (2.6%) than in the goods-producing sector (1.2%).

All new jobs in the economy were created in paid employment in 2000/01. Paid employment grew by 3.5% whereas self-employment declined by 1.6%, compared to 1999/00.

Self-employment appears to have reached a plateau at the end of the 1990s. After continuously rising throughout the 1990s and peaking at 16.7% in 1998, the proportion of the Canadian labour force that was self-employed declined to 16.0% in 2000 from 16.6% in 1999 (please refer to Chart 2). The fact that the proportion of the labour force

Chart 2: Employment by Type of Job, 2000



¹ Unless otherwise indicated, the period analyzed in this report is from April 1, 2000 to March 31, 2001. Job growth and unemployment measures are calculated using annual averages of seasonally adjusted data over the fiscal year April 1, 2000 to March 31, 2001, unless otherwise indicated. The Labour Force Survey (LFS) underwent extensive revisions in January 2000 to reflect important changes to the way in which labour market data are produced. As a result, all LFS estimates have been revised back to January 1976. For more information on these revisions, please refer to "Improvements in 2000 to the LFS" at Statistics Canada's Web site (www.statcan.ca).

that is self-employed has remained high, despite strong employment growth in paid employment, suggests that its rise throughout the 1990s has not been a cyclical response to the lack of job opportunities in paid employment. In fact, a recent HRDC-Statistics Canada survey on self-employment² indicates that only 20% of the self-employed claimed that they had become self-employed as a result of a lack of opportunities in paid employment. Further, only 30% of the self-employed indicated that they would have accepted an offer of a comparable position in paid employment. The increased proportion of the labour force that is self-employed is significant because paid employment is insured under EI but self-employment is generally not covered under the program.

3. Unemployment

As a result of slower employment growth in the fourth quarter, the average unemployment rate fell by only 0.4 percentage points, from 7.3% to 6.9%, compared to a decline of 0.8 percentage points in 1999/00. The average unemployment rate was 6.7% for women and 7.0% for men, down from 7.0% and 7.5%, respectively, in 1999/00. Youth experienced the most significant decline, as the average unemployment rate fell by a full percentage point to 12.6%. The average unemployment rate for older workers remained stable at 5.2%.

The change in the unemployment rate from the beginning to the end of the reporting period is also important to note. In March 2001, the unemployment rate rose to 7.0% from 6.8% in April 2000. However, the year-over-year change was very different for women than it was for men. The unemployment rate for women fell to 6.5% in March 2001 from 6.7% in April 2000. For men, on the other

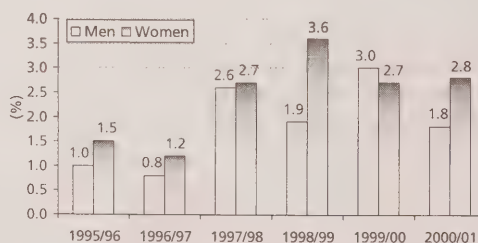
hand, the situation was reversed, with the year-over-year unemployment rate increasing to 7.5% from 6.9%. This reflects the slowdown in manufacturing that began in the last quarter of 2000/01, as a result of reduced consumer demand in the U.S. Men are more highly represented in the goods-producing sector and, therefore, are more affected by a slowdown in manufacturing production.

The youth unemployment rate also improved slightly during the reporting period, declining to 12.8% in March 2001 from 13.0% in April 2000.

4. Women, Men and Youth

Employment growth was higher for women (2.8%) than for men (1.8%) in 2000/01. Job growth for women is consistent with employment growth in the service sector as women are more highly represented in services-producing industries than in goods-producing industries. Although this is in reverse of 1999/00 employment growth rates, as shown in Chart 3, it continues the trend identified in previous Monitoring and Assessment reports where women's employment growth outpaced that of men. The higher employment growth rate for men in the 1999/00 reporting period was directly related to a higher growth rate in the goods-producing sector, which has since slowed down. Not only did women experience higher job growth overall than men, but growth for

Chart 3: Employment Growth by Gender



² Results from the Survey of Self-Employment in Canada was released on January 29, 2002.

women occurred almost entirely in full-time work (3.6%). Part-time employment for women remained relatively stable (+0.7%). On the contrary, men had higher employment growth in part-time employment (2.6%) than in full-time employment (1.7%).

Within the services-producing sector, women's employment increased by 3.3%, nearly double the growth in men's employment in that sector (1.8%). More than half of the growth for women occurred in the retail trade and the health care and social services industries, where women are more highly represented (54% and 81%, respectively). Women's employment level in the goods-producing sector remained relatively stable (-0.2%).

Job growth for men was evenly divided between the goods-producing (1.7%) and the services-producing (1.8%) sectors. This is in contrast to the previous reporting period when men's employment growth was concentrated in the goods-producing sector, specifically the manufacturing and construction industries. Nearly 77% of the employment growth for men in the services-producing sector was in the professional, scientific and technical industry, the information, culture and recreation industry and the management, administrative and other industry. This indicates that job growth for men in the services sector has occurred in industries that generally require higher levels of education and that pay higher wages than those in which employment growth for women occurred.

Youth experienced strong employment growth (3.6%) in 2000/01, continuing the trend identified in the last two Monitoring and Assessment reports. As in previous reporting periods, strong growth in the retail trade (7.0%) and accommodation, food and beverage (5.8%) industries was largely

responsible for the overall employment growth for youth as about 42% of youth are employed in these two industries. It is also important to note that nearly two-thirds (64%) of jobs created for youth were full time. While this figure is lower than in 1999/00, when over 86% of new employment for youth was full time, it represents continuing strength in the youth labour market. It should be noted, however, that youth employment growth slowed at the end of 2000/01. Historically, youth have been one of the first groups to be adversely affected in times of economic slowdown. Declining employment growth for youth in the fourth quarter of 2000/01 is consistent with this trend.

Employment growth for workers, aged 55 and older, rose by 3.8%. While this is considerably less than the 6.2% growth of 1999/00, older workers still experienced job growth that was higher than the national average and their unemployment rate remained stable. It should be noted, however, that employment growth for older workers declined from 5.7% in the first quarter to 1.7% in the fourth quarter.

Labour Force Survey data indicates that long-term unemployment³ was at its lowest level (6.5%) in 2000/01 since 1991/92. In 2000/01, 11.7% of unemployed older workers were long-term unemployed, compared to 8.2% of prime-age workers and 1.9% of youth. It is important to note that the proportion of unemployed older workers who were long-term unemployed has decreased considerably from a peak of 26.1% in 1995/96.

Labour force participation appears to have stabilized. Overall participation rose by 0.3 percentage points in 2000/01, with an increase of 0.6 percentage points for women and a decrease of 0.1 percentage points for men. This is significant as it appears that after increasing from about 45% in the mid-1970s,

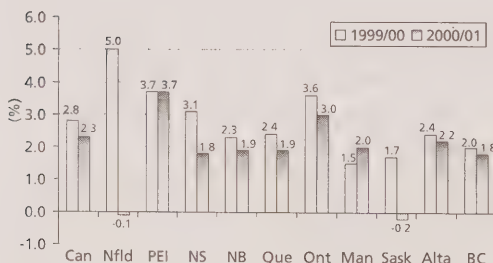
³ Long-term unemployment is defined as unemployment of 53 weeks or more.

the participation rate for women in the labour force seems to have plateaued at about 60%. The rate for men has stabilized at about 73%.

5. Provincial Labour Markets

While job growth was spread across provinces, it is important to note that all provinces experienced a slowdown in growth in the final months of the fiscal year. Only Manitoba had a growth rate that was higher than in 1999/00. Most provincial employment growth rates were near the national average of 2.3% (please see Chart 4).⁴ Newfoundland and Labrador and Saskatchewan were the only provinces that experienced small employment losses. Employment growth in Newfoundland and Labrador declined due to the conclusion of large projects that had boosted employment growth in previous years, such as Hibernia, as well as employment declines in fishing and related fish processing. The continued slowdown in agriculture, as well as related sectors such as farm equipment wholesale, caused the decline in employment in Saskatchewan.

Chart 4: Employment Growth by Province



The highest rates of growth were in Prince Edward Island (3.7%) and Ontario (3.0%), although employment growth in Ontario was lower than in 1999/00 (3.6%). As in 1999/00, growth in PEI was related to tourism and related industries. Ontario's growth in 2000/01 was balanced between the goods-producing and services-producing sectors at 2.4% and 3.2%, respectively. It is important to note the contrast to 1999/00 in Ontario, when employment growth was much more significant in the goods-producing sector (5.6%) than in the services-producing sector (2.9%). This shift is largely a result of reduced trade with the U.S. in the final quarter of 2000/01.

In contrast to 1999/00 when unemployment rates declined more in the Eastern provinces of the country than in the Western regions, provincial unemployment rate decreases were larger in Western Canada than in Eastern Canada in 2000/01, with the exception of PEI. The largest percentage point declines in unemployment rates were in PEI (-1.3), Manitoba (-0.8), BC (-0.8), and Alberta (-0.6). The only increase in the unemployment rate occurred in New Brunswick (0.6 percentage points) where the labour force increased by 2.6%, more than offsetting the 1.9% growth in employment.

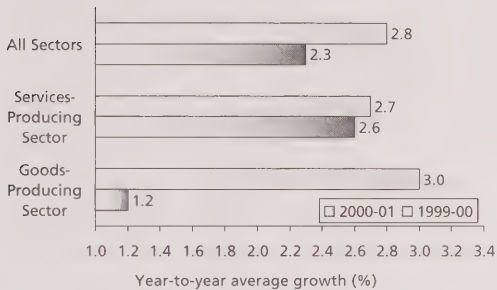
Also, unlike last year, when unemployment rates declined in most of the EI regions, changes in unemployment rates varied across regions in 2000/01, with the most noticeable change being an increase in the unemployment rate in more than half of the Ontario EI regions (please refer to Annex 2.1).

⁴ Please note that the Labour Force Survey does not include data for the Yukon, the Northwest Territories or Nunavut.

6. Sectoral Labour Markets

The provincial observations reflect the results seen at the sectoral level. Chart 5 shows that job growth was higher in the services-producing sector (2.6%) than it was in the goods-producing sector (1.2%) in 2000/01, reversing the ranking in the last reporting period, but following the pattern observed prior to 1999/00. The reduced growth in the goods-producing sector from 3.0% in 1999/00 to 1.2% in 2000/01 was primarily due to the slowdown in manufacturing in the last quarter of the fiscal year.

Chart 5: Employment Growth by Sector



Moreover, the industries that experienced the highest growth in the goods-producing sector in 2000/01 were different than those in 1999/00. The manufacturing and construction industries propelled the growth in the goods-producing sector in 1999/00, whereas in 2000/01, the mining, oil and gas extraction industries experienced the largest increase in employment growth at 9.2%. A resurgence of oil and gas prices reversed a trend of declining employment in this industry.

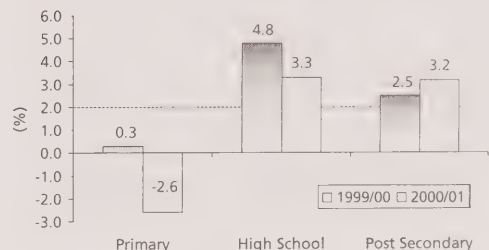
The industries that experienced the highest growth within the services-producing sector, are among those that generally require specific skills and/or education. For example, the industries with the highest growth in the sector were information, culture and recreation (7.8%); management, administration and other

support (7.3%); and professional, scientific and technical services (6.4%). Employment declined in educational services (-2.2%) and public administration (-1.7%).

7. Education

Education became even more critical to labour market success in 2000/01. It is significant to note how quickly employment levels for those without a post-secondary education began to decline in response to a slowdown in the economy. While employment growth for post-secondary graduates (3.2%) exceeded that in 1999/00 (2.5%), job growth for those with a high school education was lower in 2000/01 (3.3%) than in 1999/00 (4.8%) and employment declined by 2.6% for those with less than a high school education (please see Chart 6). Moreover, those with the highest level of education, university graduates, had employment growth of 4.8% in 2000/01, more than double the national average.

Chart 6: Employment Growth by Educational Attainment



It is important to note that employment levels began to decline quite sharply for those with a high school education and less in the last half of 2000/01, when the slowdown in the economy became evident. At the same time, employment levels for those with a post-secondary education remained stable. This confirms the view that the lower the level of education, the more susceptible a worker

becomes to job loss once economic conditions begin to slow. It is also important to note that university graduates have consistently had unemployment rates that were significantly lower than the overall unemployment rate.⁵

II. RECENT LEGISLATIVE CONTEXT⁶

The most significant change to the Employment Insurance (EI) program over the past 30 years occurred with the introduction of the *Employment Insurance Act* in 1996. This Act implemented the reforms that replaced the former Unemployment Insurance program with the EI program. The 1996 reform was designed to promote greater labour force attachment through the introduction of stronger insurance principles. The basis for eligibility was switched from weeks to hours of work. Changes also included a new benefit structure and new rules for frequent claimants, as well as stricter eligibility requirements for new and re-entrants to the labour market. Elements of the program providing support to claimants in low-income families with children were also better targeted with the introduction of the Family Supplement.⁷

Under EI, active re-employment measures were redesigned to better respond to different needs and circumstances across the country. The new Employment Benefits and Support Measures (EBSMs) also provided the basis for

more cooperative relations with the provinces and territories.

In the 2000 Budget, the Government of Canada announced the first significant legislative changes to EI since 1996.⁸ Effective December 31, 2000, Bill C-32 extended the duration, accessibility and flexibility of parental benefits in order to support parents in balancing the demands of work and family during a child's critical first year.⁹ The maximum duration of parental benefits was increased from 10 to 35 weeks, allowing for a maximum of 50 weeks of special benefits (combined maternity, parental and sickness benefits), provided they are taken within 52 weeks of the date of birth or arrival of the child. The number of hours of insurable employment required to qualify for maternity, parental or sickness benefits was also reduced from 700 to 600 hours in order to improve accessibility. Further, to enhance flexibility for parents, a second parent sharing parental leave was no longer required to serve the two-week waiting period. Parents also became entitled to earn the greater of \$50 or 25% of their weekly parental benefit without a reduction in their EI benefits, thereby increasing flexibility when returning to work.

On February 2, 2001, the Government of Canada introduced a second set of legislative changes to EI.^{10,11} Under these amendments, the benefit repayment provisions (clawback),

⁵ Annual Labour Force Survey data shows that the unemployment rate for university graduates has been about half of the overall unemployment rate in every year since the mid-1970s.

⁶ For a more exhaustive legislative chronology, see Annex 1.

⁷ For a more complete description of the evolution of EI, please see the 1997, 1998, 1999 and 2000 Monitoring and Assessment reports.

⁸ It should be noted that *An Act to Modernize the Statutes of Canada* in relation to benefits and obligations was given Royal Assent on June 29, 2000. By amending various statutes, including the *Employment Insurance Act*, it extends benefits and obligations to all couples (opposite and same-sex) who have been cohabiting in a conjugal relationship.

⁹ Bill C-32, the *Budget Implementation Act*, received Royal Assent on June 29, 2000. Parents of children born, or placed in the parent's care for adoption, on or after December 31, 2000, are eligible for the enhanced parental benefits.

¹⁰ Bill C-2, (originally introduced as Bill C-44), *An Act to Amend the Employment Insurance Act and the Employment Insurance (Fishing) Regulations* received Royal Assent on May 10, 2001. Bill C-2 also contained provisions to freeze Maximum Insurable Earnings (MIE) at \$39,000 per year until the average industrial wage reaches this level.

¹¹ There have also been ongoing adjustments and improvements to EI since 1996. For example, small weeks became a national and permanent part of the program on November 18, 2001 and changes to undeclared earnings became effective on August 12, 2001.

initially introduced to reduce EI use by higher income repeat claimants, were adjusted to improve targeting and reflect changing economic realities, effective for the 2000 tax year. All first-time and special benefits claimants were exempted from the benefit repayment provision as there was not an issue of repeat use with these claimants. Additionally, in order to simplify the structure of repayment and to ensure that these provisions were appropriately targeted to higher income earners, a single threshold for repayment was set at \$48,750 of net income and the maximum repayment was limited to 30% of net benefits, up to 30% of net income above \$48,750.

The intensity rule, which had been implemented to discourage repeat use of EI by reducing the benefit rate of frequent EI claimants, was also eliminated, retroactive to October 1, 2000. The intensity rule had proven to be ineffective in discouraging repeat use and therefore had the unintended effect of penalizing claimants who faced limited opportunities for work.

Changes were also made to the re-entrant provision to make it more responsive to parents returning to the labour force following an extended absence caring for young children. Re-entrant parents who have received EI maternity and parental benefits in the four years prior to the normal two-year "look back" period can now access regular benefits with the same number of hours as other regular claimants in their region.

The *Employment Insurance Fishing Regulations* were adjusted retroactively to December 31, 2000, to allow self-employed fishers to access the enhanced maternity, parental and sickness benefits as well.

Lastly, the changes of February 2, 2001 included the extension of the Monitoring and Assessment report to 2006. The date on which the annual report must be submitted to the Minister was also changed, from December 31 to March 31, to allow more time for consultations with the provinces with respect to Employment Benefits and Support Measures.

This chapter describes changes in the number of new EI claims and the amount paid out in benefits in 2000/01. It also assesses the impacts of key elements of EI reform on income benefits and discusses changes made under Bill C-2, an *Act to Amend the Employment Insurance Act and the Employment Insurance (Fishing) Regulations*.¹ Data for 2000/01 is compared to 1999/00 data.² Trends from 1995/96 are also discussed.

Under EI, there are three types of income benefits: regular benefits, which provide temporary income support to people who lose their jobs in paid employment; fishing benefits, which provide temporary income support to fishers; and special benefits. Three categories of income support are available under special benefits: maternity, parental, and sickness benefits.³

I. TOTAL INCOME BENEFITS

1. Overview

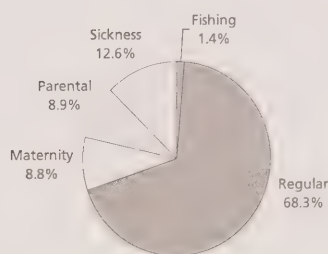
In 2000/01, there were about 1.8 million new claims for EI income benefits, an increase of 2.4% from 1999/00. The increase in claims occurred primarily in the fourth quarter of 2000/01 due to both the economic slowdown, which resulted in a substantial increase in regular claims, and a reduction in the hours needed to qualify for special benefits in 2001.⁴ Reflecting relatively strong employment growth, women's claims remained stable (-0.1%) while claims by men and youth increased by 4.6% and 2.5%, respectively. Provincially,

claims increased in Manitoba and all provinces east, and declined in all provinces west of Manitoba and in the Territories. The most significant increases occurred in Ontario (7.8%), Prince Edward Island (4.4%) and Nova Scotia (2.9%), while the largest decreases were in the Northwest Territories (-11.5%), Yukon (-8.4%) and Alberta (-6.5%).

Total benefit payments fell by 1.0% to about \$9.3 billion. However, when examined across industrial sectors, total benefits paid varied. The largest declines were in communications and utilities (-18.6%) and mining, oil and gas (-15.8%), while increases in benefits were highest in fish harvesting (7.1%) and fishing and trapping (5.4%), as a result of the increase in the value of certain fish harvests, and in manufacturing (2.8%). It should be noted that the increase in benefits paid in the manufacturing sector was roughly double that in the fishing industries.

As shown in Chart 1, more than two-thirds of new claims were regular claims. Special

Chart 1: Total New Claims
2000/01



¹ Bill C-2 received Royal Assent on May 10, 2001, but included retroactive measures affecting the 2000/01 reporting period.

² Unless otherwise stated, analysis in this chapter is based on Employment Insurance administrative data for the period between April 1, 2000 and March 31, 2001, with a comparison to previous fiscal years.

³ Please refer to Annex 1 of previous Monitoring and Assessment reports for an explanation of types of benefits.

⁴ Under the enhancements to special benefits, the number of hours needed to qualify was reduced from 700 to 600 hours.

benefits (maternity, parental and sickness benefits) accounted for 30% of all new claims and fishing claims represented just over 1% of all new claims. This is similar to the distribution of claims in 1999/00.

The number of claims by benefit type and the changes between 1999/00 and 2000/01 are as follows:

- claims for regular benefits increased 0.8% to 1.37 million;
- claims for fishing benefits increased 11.0% to 28,229; and
- claims for special benefits increased 6.0% to 425,550.

The factors explaining these increases are addressed later in this chapter.

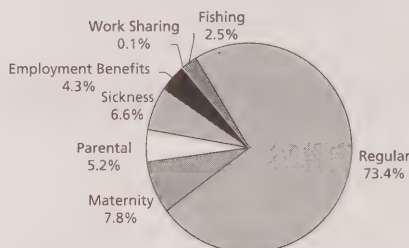
The amount of benefits paid by type and the changes between 1999/00 and 2000/01 are as follows:

- regular benefits declined 2.7% to \$6.8 billion;⁵
- fishing benefits increased 8.6% to \$235.6 million;
- special benefits increased 5.2% to \$1.8 billion;
- Work Sharing benefits increased 5.1% to \$10.6 million; and
- income benefits paid to claimants participating in Part II Employment Benefits decreased 3.6% to \$397.8 million.

Chart 2 shows the proportion of total benefits associated with each type of benefit. About three-quarters of income benefits were paid as regular benefits. Special benefits accounted for 19.6% of all benefits paid, up from about 18.5% last year. The proportion of benefits

paid to fishers was 2.5%, about the same as last year. Claimants participating in Employment Benefits⁶ received 4.3% of total income benefits. Work Sharing, which represented 0.1% of benefits paid, is a program designed to avert temporary layoffs by offering EI income benefits to workers who are eligible for EI and who are willing to work a reduced workweek for a temporary period. The Work Sharing program enables employers to prevent layoffs by sharing the work that is available through shortening the workweek of employees. Workers, in turn, receive a combination of earnings from reduced employment and EI income benefits. This program could become more significant during economic downturns.

Chart 2:
Total Income Benefits 2000/01
\$9.3 billion



2. Frequent Claimants⁷

In 2000/01, frequent claimants made up 37.3% of all regular and fishing claims, down from 39.3% in 1999/00. The number of claims made by frequent claimants fell by 4.1% to 522,148. Similar to previous reporting periods, about 80% of all frequent claimants had a "seasonal" pattern of making claims (please see Chart 3).⁸

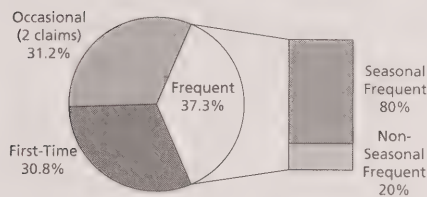
⁵ It should be noted that the negative correlation of claims and benefits paid appears due to the fact that there is a lag between the time that a claim is made and the time that the corresponding benefits are fully paid out. In 2000/01, most new claims were filed in the final quarter and, therefore, the corresponding benefit payout will not appear until the next reporting period.

⁶ Part I income benefits may be paid to active claimants participating in the Self-Employment, Skills Development and Job Creation Partnerships interventions delivered under EI Part II. Please refer to Chapter 3 for a discussion of EBSMs.

⁷ Frequent claimants are defined as those claimants who have made three or more regular and/or fishing claims in the past five years. Note that as a result of a methodological change to allow for the inclusion of Nunavut, all data have been revised back to 1995/96.

⁸ Individuals who started previous claims at about the same time of the year as their current claim are considered seasonal claimants.

Chart 3: Claims & Frequency of Use of Regular and Fishing Benefits



Men continued to file just over two-thirds of all frequent claims (please refer to Annex 2.7), reflecting the lower likelihood of women working in seasonal jobs.

As in previous reporting periods, the decrease in frequent claims was higher among non-seasonal frequent claimants. Seasonal claims dropped by only 3.7%, compared to 5.6% for non-seasonal claims. This is not surprising as the nature of some seasonal work does not necessarily lead to a decline in claims in periods of strong economic growth.

The majority of frequent claims continue to be filed in Quebec, at over 37%. Increases in the number of frequent claims occurred in Newfoundland and Labrador (5.3%) and Prince Edward Island (3.7%). The largest declines in frequent claims were in Manitoba (-7.9%), and Ontario (-7.8%).⁹

Frequent claimants received just under \$2.9 billion in regular and fishing benefits during 2000/01. Although this is a slight decline from 1999/00 (-2.6%), frequent claims continued to comprise about 41% of all regular and fishing benefits paid, the same as in 1999/00. Due to the elimination of the

intensity rule, as well as increases in average wages, average weekly benefits for frequent claims increased over the previous reporting period (5.2%), from \$305 to \$321, and remain 7.6% higher than the average for all regular and fishing claims.¹⁰

Male frequent claimants filed 3.2% fewer claims in 2000/01, while claims filed by female frequent claimants declined by 6.0%. By age group, youth had the largest decrease (-9.8%), but claimants under 25 years accounted for only about 3% of all frequent claimants. Claims dropped substantially in the 25 to 54 age category (-4.9%), which is significant because most (82.3%) frequent claimants fall into this category. As in past years, this suggests that prime working-age claimants were better able to access other job opportunities in the favourable labour market conditions that prevailed during most of the reporting period. Older claimants, who tend to be less mobile, did not fare as well, with frequent claims for those 55 years and over increasing by 2.0%.

3. Reform Elements

Under EI, important changes were introduced to the legislation to strengthen workforce attachment and to respond to changes in the labour market. Changes to the legislation included new methods of determining eligibility and entitlement, the introduction of an intensity rule, a strengthening of the benefit repayment provisions and stricter eligibility requirements for new entrants and re-entrants to the labour market. Changes were also made to provide higher levels and better targeted assistance to low-income families through a Family Supplement.¹¹

⁹ As noted in Annex 2.7, the decrease in the Northwest Territories was 35.4%. However, due to the small absolute number of frequent claimants, this reflects only 202 claims.

¹⁰ It is important to note that this average weekly benefit does not reflect the impact of the benefit repayment provisions under EI because the provisions are administered through the tax system after benefits are received. Please refer to sections on benefit repayment later in this chapter for an analysis of benefits repaid by type of benefits.

¹¹ Please refer to the *2000 Monitoring and Assessment Report* for more information on the elements of EI reform. For discussion of the hours-based system, entitlement and duration, please see the sections on regular benefits, fishing benefits and special benefits in this chapter.

Further changes were made under Bill C-2 eliminating the intensity rule and adjusting the benefit repayment provision. The re-entrant provisions were also modified so that parents re-entering the labour force after a leave taken to care for young children would qualify for benefits with the same entrance requirements as others in their region.

Family Supplement

The Family Supplement provides additional benefits to claimants in low-income families with children by increasing the maximum benefit rate they can receive to 80%.¹² To qualify for the Family Supplement, claimants must have at least one dependent child, and have a net family income of \$25,921 or less.

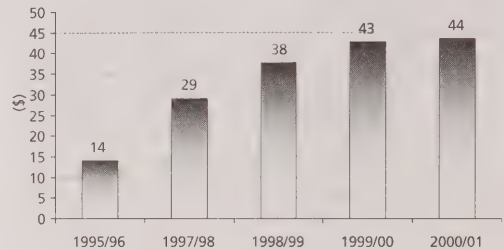
Results show that a total of 187,250 low-income EI claimants received higher weekly benefits through the Family Supplement in 2000/01. This represents 10.7% of all claims, down marginally from 11.4% in 1999/00. (Please refer to Annex 2.13).

Total payments under the Family Supplement declined 2.3% to \$157.4 million. The decline in benefits paid occurred as a result of a reduction in the number of claims receiving the supplement (-4.1%). The strong labour market of the past few reporting periods has resulted in increased earnings, which, in turn, has resulted in more families having incomes higher than \$25,921. However, it is worth noting that the average weekly top-up grew 1.6% to \$44 per week (see Chart 4).

Average weekly benefits for Family Supplement recipients increased slightly from \$254 to \$255. This is about 38% higher than the pre-EI reform average weekly benefit of \$185 in 1995/96. It is important to note that over two-thirds of Family Supplement payments went to women, although women accounted for only 45% of all

EI claims during this period. In fact, payments to women increased (3.3%), while payments to men declined by 11.8%.

Chart 4: Average Family Supplement Top-ups



Youth with children continue to benefit from the Family Supplement, with 11.2% of all Family Supplement claims going to youth. This is slightly higher than their proportion of total claims (13.0%). It is also worth noting that the percentage of youth receiving higher benefits through the Family Supplement increased slightly from 11.0% last year to 11.2% in 2000/01, the fourth consecutive year claims receiving the Family Supplement have increased.

Decreases in Family Supplement payments occurred across most provinces and territories. However, there were increases in Manitoba (10.5%), Saskatchewan (7.2%) and Ontario (3.9%).

Intensity Rule

The intensity rule decreased the benefit rate for those who make long or frequent claims by 1% per 20 weeks of benefits received over a five-year claim history, to a maximum of 5%. The objective of the intensity rule was to discourage the use of EI as a regular income supplement but not to excessively reduce the benefits of those who make long or frequent claims. Claimants receiving the Family Supplement and/or claiming special benefits

¹² Like other claimants, claimants receiving the Family Supplement are subject to a maximum weekly benefit of \$413.

were exempt from the intensity rule. Analysis presented in previous Monitoring and Assessment reports indicated that the intensity rule was not having the intended impact of reducing reliance on EI. As of October 1, 2000, the intensity rule was eliminated. Therefore, the following results reflect only the six months in which the intensity rule was in effect.

The number of regular and fishing claims affected by the intensity rule declined by 1.0% from 202,500 to 200,410 (please refer to Annex 2.16) in the first two quarters of 2000/01 over the same period in 1999/00. The proportion of total claims subject to the intensity rule was highest in Quebec (37.9%), Ontario (17.0%) and British Columbia (9.9%). Of those affected by the intensity rule in this reporting period, more than half were men. As in past years, this reflects the fact that men are more likely than women to be repeat claimants because men are more likely to work in seasonal industries.

Benefit Repayment Provisions (Clawback)

Benefit repayment provisions were designed to ensure that high-income claimants repay some of their benefits once their annual net income, including EI benefits, exceeded a certain threshold. While the clawback was originally introduced under UI in 1979, the threshold at which benefits are repaid was lowered significantly under EI. EI also created a two-tier threshold with a lower threshold for repeat users and a requirement to pay back a larger share of benefits, varying between 50% and 100%, with each subsequent use. In all cases, the repayment would be no greater than 30% of the individual's net income in excess of the clawback threshold.

Previous analysis undertaken in the monitoring and assessment process indicated that for tax year 1998, 28,375 individuals, or about 31% of all individuals who repaid regular benefits, earned between \$39,001 and \$48,750. Further, these individuals collectively repaid \$35.6 million, representing roughly 36% of total regular benefits repaid. These results demonstrated that the benefit repayment provisions were having a disproportional impact on middle-income claimants. Additionally, with respect to special benefits, just over 74% of claimants who repaid their benefits had incomes between \$48,751 and \$60,000 and close to 70% of these claimants were women.

Under Bill C-2, effective for tax year 2000, first-time claimants and recipients of special benefits are exempt from the clawback and the thresholds were changed to focus on high-income claimants and to simplify the provision. The lower threshold has been removed so that all regular and fishing claimants are subject to benefit repayment on net income above \$48,750. Further, the amount of repayment is limited to 30% of benefits, up to 30% of net income over \$48,750.

As benefit repayment is administered through the tax system, the most recent data available is for the 1999 taxation year. Consequently, the results in this reporting period do not reflect the Bill C-2 changes.¹³

The number of people who repaid some of their EI benefits in 1999 was 144,160, representing an increase of 25.0% over 1998 (please refer to Annex 2.15). Among claimants affected by the clawback provision, 77% were regular beneficiaries, 10% were in receipt of special benefits, 3% received fishing benefits, and 10% had claims of more than one benefit type.

¹³ In 1999 first-time and special benefits claimants were subject to a net income threshold of \$48,750. Repeat claimants were subject to the lower threshold of \$39,000. For repeat claimants the maximum portion of benefits to be repaid varies depending on the actual number of weeks of regular or fishing benefits received in the past five years. Please see Annex 1 of the *2000 Employment Insurance Monitoring and Assessment Report* for further information.

As was the case in the last reporting period, about 87% of claimants affected by the clawback were men. However, unlike in 1998, when the number of men affected by the clawback provision increased much more quickly than the number of women (48.2% compared to 25.4%), increases in the number of men and women affected were almost identical (25.1% and 24.0%, respectively) in 1999.

Significant increases in the number of claimants affected by the clawback provision were noted in all regions of Canada. The largest increases were in Newfoundland and Labrador (73.8%), New Brunswick (61.3%) and Nova Scotia (57.0%).

The total amount repaid by claimants in 1999 increased by 48.8% to just under \$184.4 million. The amount of benefits that men were required to repay increased by 51.1%, compared to 32.6% for women. This reflects the fact that men are more likely to be repeat claimants and, therefore, are more often subject to benefit repayment at the lower threshold. Men repaid \$163.8 million, or about 89% of all benefits repaid, up slightly from 87% last year. By province, the most significant increases in the amount repaid were noted in Newfoundland and Labrador (113.7%), Nova Scotia (88.4%), and New Brunswick (83.7%). It should be noted, however, that most of the benefits repaid came from the most populous provinces with about 28% of all benefits repaid in Ontario, 23% in Quebec, and 15% in British Columbia.

4. Small Weeks Pilot Project

Under EI, benefit levels are based on average earnings within a 26-week period preceding the establishment of the claim. Total earnings are divided by the number of weeks of work during this period or the minimum divisor, whichever is

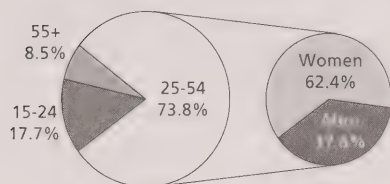
greater. The result is multiplied by 55% to determine the weekly benefit. While this process has worked well for the most part, there was a disincentive for some workers to accept weeks with lower than average earnings ("small weeks") because these earnings lowered the amount received in benefits. Small Weeks adjustment projects were introduced in May and August 1997 in high unemployment regions to examine whether this disincentive could be reduced or removed. When the projects expired on November 14, 1998, a new pilot project was introduced.

The analysis in this year's report focused on results relating to the period between the introduction of the new pilot project in November 1998 and March 2001, the end of the reporting period. These results indicated that about 321,190, or 12.7% of all claims established in participating EI regions, included small weeks. This is about the same proportion as reported last year.

Similar to the results in last year's Monitoring and Assessment report, 18.1% of women's claims and 8.8% of claims made by men, since November 1998, included small weeks. Furthermore, claims with small weeks continue to constitute a relatively high percentage of all claims filed in Newfoundland and Labrador (20.6%) and in Eastern Nova Scotia (19.9%). Conversely, the lowest percentage of claims with small weeks was in Northern Manitoba (1.5%).

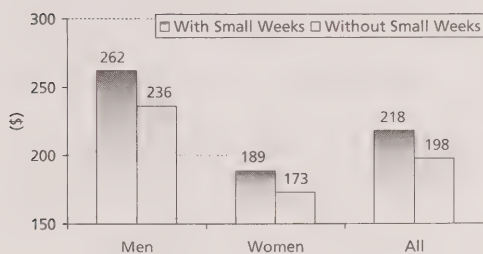
As shown in Chart 5, prime age workers (those between 25-54 years) accounted for almost three-quarters of the claims with small weeks (73.8%), while older workers and youth accounted for 8.5% and 17.7%, respectively. As a result of their labour market patterns, women benefited from the Small Weeks project more than men, filing 59% of all claims with small weeks. Among prime age workers, women filed 62.4% of small weeks claims.

Chart 5: Percentage of Small Weeks Claims, by Age



As shown in Chart 6, the average weekly benefit of participants in Small Weeks was \$218. On average, weekly benefits were \$19 higher than they would have been without the project. Moreover, the additional income paid to participants were estimated to be about \$725 in total, of which 44% were due to additional weeks of work and 56% were due to additional EI benefits received over the period of the claim. For women, the average weekly benefit was \$15 higher than it would otherwise have been, while for men it was \$26 higher. In addition, about 15% of Small Weeks participants qualified for the Family Supplement, and 75% of these were women.

Chart 6: Average Weekly Benefits



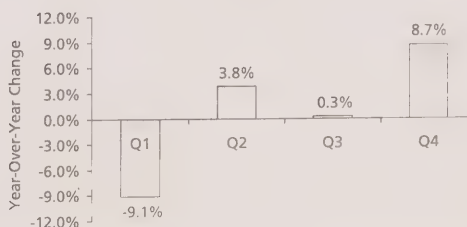
Evaluation of the project indicated that small weeks had a positive impact on labour force attachment.¹⁴ Econometric results showed that, in the 31 Small Weeks regions under study in the November 1998 to August 2000 period, claimants who participated increased their total weeks of work in the 26 weeks prior to their job separations by 2.1 weeks for male claimants and 2.4 weeks for female claimants.¹⁵

II. REGULAR BENEFITS

1. Overview

In 2000/01, the number of regular claims established under EI increased slightly (0.8%) to 1.4 million and benefits paid to regular beneficiaries declined by 2.7% from \$7.0 billion to \$6.8 billion (please refer to Annex 2.4). Average weekly benefits increased 4.8% to \$297 from \$283 in 1999/00. The decline in benefits paid reflects the fact that most of the new claims were established during the final quarter of 2000/01 and, therefore, only a small proportion of the benefits associated with these claims had been paid in 2000/01. After a significant decline (-9.1%) in claims in the first quarter, new claims began to increase in the second and third quarters (3.8% and 0.3%, respectively) and then jumped substantially (8.7%) in the final quarter (please see Chart 7).

Chart 7: Year-Over-Year Change in Regular Claims

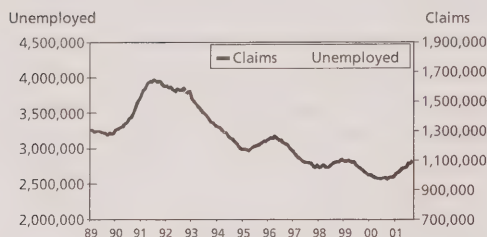


¹⁴ *An Evaluation of the EI Pilot Project on Small Weeks, 1998-2001*, Evaluation and Data Development, Strategic Policy, Human Resources Development Canada, September 2001.

¹⁵ As a result of these positive findings, the Government of Canada made the Small Weeks provisions a permanent and national feature of the program, effective November 18, 2001.

New claims increased significantly in Ontario (8.4%) with more modest increases in Prince Edward Island and Nova Scotia, at 3.0% and 2.6%, respectively. Claims remained stable in Newfoundland and Labrador and Quebec and decreased in all other provinces and territories in 2000/01, most substantially in the Northwest Territories (-17.3%) and Alberta (-12.2%). As can be seen in Chart 8, the level of EI claims tends to be a leading indicator with changes in total unemployment generally following.

Chart 8: Monthly Claims and Unemployment



As noted in Chapter 1, much of the increase in claims can be tied to the slowdown in manufacturing in the last quarter of the fiscal year. Claims in manufacturing industries increased by 15.3% across Canada and by 41.5% in Ontario over the reporting period with fourth quarter claims rising by 40.0% nationally and by 86.0% in Ontario.

Claims by women declined by 2.5%, while men's claims increased by 3.1% in 2000/01. The decline in women's claims reflects the stronger growth in the services-producing sector, where women have greater representation, compared to the goods-producing sector. In particular, claims in health and social services, where 81%

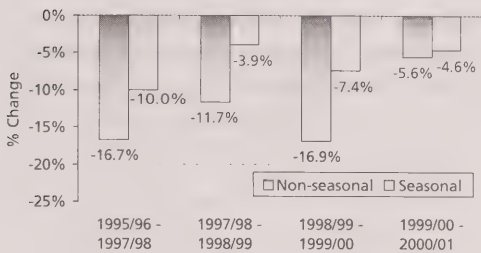
of the workforce was female, fell by 11.2% and claims in retail trade, where 54% of workers were female, decreased by 8.3%. Men's claims showed more volatility across provinces and industrial sectors. Men were particularly affected by the slowdown in manufacturing. Overall, new claims by men employed in manufacturing rose by 19.7% nationally and by 51.1% in Ontario. Further, in the fourth quarter, new manufacturing claims for men in Ontario more than doubled over the previous year.

The strong labour market in 1999/00 and the first three-quarters of 2000/01 translated into longer durations of insured employment prior to making a claim for regular benefits. In 2000/01, there was an 8.1% increase in claims by individuals with long employment spells, while claims for individuals with medium and short employment spells decreased by 3.4% and 6.7%, respectively (please refer to Annex 2.5).¹⁶

These results are consistent with the increase in first-time and occasional claims and the decline in frequent claims. Claims made by first-time and occasional claimants in 2000/01 increased by 6.1% and 2.6%, respectively. Regular benefits claims by frequent claimants, on the other hand, declined by 4.8%. Nonetheless, the share of regular benefits paid to frequent regular claimants remained stable at 39.5%. As shown in Chart 9, non-seasonal frequent claims continued to fall more than seasonal frequent claims, as they have over each of the past four reporting periods. However, as a result of the economic slowdown at the end of the reporting period, the decline in non-seasonal claims was much less than in previous years. This is because non-seasonal claims are affected more by economic cycles than seasonal claims.

¹⁶ Claims with short employment spells are claims that just meet the entrance requirement, or have up to two weeks above the minimum entrance requirement. Claims with medium employment spells are claims that have more than two weeks over the entrance requirement, but less than six months over the minimum entrance requirement. Claims with long employment spells are claims that have at least six months more than the minimum entrance requirement.

Chart 9: % Change in Claims by Regular Frequent Claims



Youth claims were unchanged in 2000/01, in contrast to the 9.4% decrease in claims in 1999/00. This can be explained by the economic slowdown at the end of the reporting period, which resulted in an increase of 7.3% in claims by youth in the fourth quarter over the previous year. Further, the increase in claims may have been accentuated by a higher proportion of youth that was able to qualify for benefits due to strong growth in full-time employment earlier in the year and in 1999/00.

Regular claims by older workers, aged 55 and over, increased by 4.7% in 2000/01. It is important to note the quarterly pattern of claims by older workers. Regular claims actually decreased by 7.0% in the first quarter and then increased by 9.0%, 3.9% and 14.5%, in the second, third and fourth quarters, respectively. It is significant to note that claims for older workers rose or remained stable for short-, medium- and long-term durations of insured employment, unlike other age groups who had increases in claims for long spells of insured employment but decreases in short and medium spells. Furthermore, the increase in claims for

older workers with long durations of employment was 12.8%, compared to 8.1% for workers, overall. This is significant because older workers are likely to be unemployed for longer periods when they lose their job as they tend to be less mobile than younger workers.

2. Reform Elements

Hours-Based System and Coverage¹⁷

Under EI, both eligibility for benefits and entitlement are based on hours of work rather than weeks of work. An ongoing HRDC study using Canada Out-of-Employment Panel (COEP)¹⁸ survey data has found that the switch to an hours-based system has led to a slight net increase in eligibility. Eligibility for men and those in the Atlantic region increased as they tend to work more than 35 hours per week, while eligibility for women and youth declined slightly. However, EI administrative data indicates that as a result of the switch from a weeks-based to an hours-based system and the change to first dollar coverage, nearly 400,000 more part-time workers were covered.

The **divisor rule**¹⁹ results in higher weekly benefits for individuals who work more than their minimum entrance requirement. This provision was intended to encourage greater labour force attachment. Analysis indicates that, in general, people are working the additional two weeks required for full benefits. Chart 10 shows that the proportion of claimants whose benefits were reduced as a result of not finding the additional two weeks of work is small and has remained relatively

¹⁷ Penalties and violations may affect a person's ability to qualify despite the fact that they have sufficient hours to qualify for benefits. This is because those persons who have penalties or violations charged against them must have more hours to qualify for benefits the next time that they file a claim. Our analysis did not cover this scenario.

¹⁸ The Canada Out-of-Employment Panel (COEP) Survey is based on quarterly samples of 5,000-9,000 individuals who have job separations. The COEP Survey is specifically designed to provide an additional source of information for understanding EI impacts. The survey is conducted on behalf of HRDC by Statistics Canada and provides detailed information on individuals' employment history, job search activities and outcomes, training, receipt of UI/EI benefits, and household incomes, financial assets, and debts.

¹⁹ Please see Annex 1 in the 1997, 1998, 1999 or 2000 Monitoring and Assessment reports for a description of the hours-based system, the divisor rule, and other elements of the reform.

stable.²⁰ This stability reflects both increased work effort and the favourable labour market that prevailed between 1997 and 2000, which provided greater opportunities for claimants to work longer.

Chart 10: Proportion of Regular Claims affected by the Divisor Rule



While the increase in workforce attachment was greatest in Atlantic Canada, the divisor still has a greater impact on claimants in that region. In the Atlantic region, 5.8% of claimants were affected by the divisor.

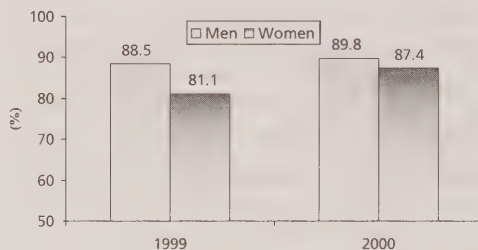
In recent years, there have been questions raised about **EI coverage** and about how to measure the degree of support EI provides to unemployed Canadians. The monitoring and assessment process is continuing to look into this important subject from a number of approaches.

One method of measuring coverage is the beneficiary to unemployed (B/U) ratio. The B/U ratio is a broad measure, comparing the number of people on EI regular benefits with the total number of unemployed people at any given time. Analysis indicates that the B/U ratio was in decline for most of the decade leading up to EI reform in 1996 and 1997. The B/U ratio

was about 45% in 2000/01, unchanged from 1999/00. While the B/U ratio has the advantage of simplicity, it also includes unemployed people for whom EI regular benefits are not designed. For example, it includes individuals who have never worked, those who have not worked in the past 12 months or individuals who voluntarily quit their job, and individuals who were formerly self-employed.

To focus specifically on the degree to which EI provides coverage to the target population, HRDC and Statistics Canada developed the Employment Insurance Coverage Survey (EICS). Results from the EICS indicated that 83.2% of those for whom the program was designed were eligible to receive benefits in 2000. This represents an increase of 2.8 percentage points over 1999. This is due to increased eligibility for unemployed adult women, which rose by 6.3 percentage points over 1999, compared to a 1.3 percentage point increase for adult men. Consequently, differences in EI eligibility between unemployed adult men and women in 2000 have declined significantly, from 7.4 percentage points in 1999, to 2.4 percentage points (please see Chart 11).

Chart 11: Coverage of the Unemployed



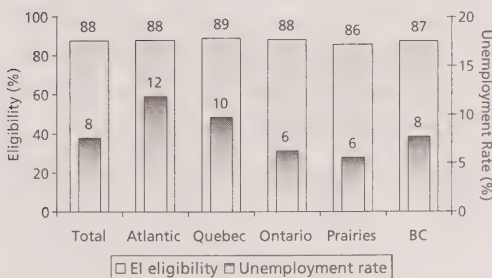
²⁰ Note that the percentage of claims affected by the divisor varies from the analysis in the 2000 *Employment Insurance Monitoring and Assessment Report*. This is due to differences between the COEP data used in last year's report and EI administrative data. COEP Survey data and administrative data numbers often differ because the COEP uses a sample of between 5,000 and 9,000 individuals in 12 cohorts and relies on self-reporting, whereas EI administrative data uses a 10% sample of all EI claims and does not rely on self-reporting. Due to missing cohorts, COEP data was not available for 2000/01. Therefore, the analysis used administrative data.

In an effort to better understand the issue of coverage, additional research was undertaken by HRDC using data from Statistics Canada's Survey of Labour and Income Dynamics (SLID).²¹ The research looks at how effectively EI provides security to employed people (i.e., how many employed individuals would be eligible if they were to lose their job?). To address this question, simulations were performed using SLID. Estimates for December 1998 indicate that 88% of all paid workers would have been eligible for regular benefits if they had lost their job at that point in time.

Eligibility was high for both men and women. Among workers in paid employment, 91% of men and 84% of women would have qualified for EI. The difference is likely due to differences in labour market patterns given that eligibility among women working full time (96%) was consistent with men employed full time (97%).

Additionally, analysis on the coverage of the employed population, using SLID data, shows that despite substantial variations in regional unemployment rates, EI eligibility would have been similar in all regions of the country in December 1998 (see Chart 12). This suggests that the variable entrance requirements are effective in adapting to variations in regional labour markets.

Chart 12: EI Eligibility by Region



Concern has also been raised about the impact of the new entrant and re-entrant rule. One of the objectives of EI reform was to encourage stronger labour force attachment, particularly among youth. To this end, people who enter the labour market for the first time (new entrants) and those who had limited work experience in the last two years (re-entrants) need 910 hours to qualify for EI instead of the variable entrance requirement for the region. These rules were designed to ensure that workers, especially young people, establish a more significant attachment to the labour force before collecting EI benefits. Previous Monitoring and Assessment reports have found that this measure was working as expected by encouraging stronger labour force attachment, particularly for youth.

A recent HRDC study using COEP data indicates that new entrants and re-entrants are 13% less likely to make a claim. This number has not changed since EI reform. Further, the study indicates that a significant portion of new entrants and re-entrants are working more hours in order to qualify for benefits, with the proportion working between 910 and 1,050 hours increasing from 37.6% pre-reform to 55.7% post-reform. Another COEP study estimates that as a result of this increased work effort, only 2% of individuals who would have had enough hours to qualify in their region lost their eligibility due to the new entrant and re-entrant rule.

The SLID data also showed that new entrants and re-entrants to the labour force were less likely to qualify (52%). However, new entrants and re-entrants were also more likely to be younger, part-time workers, many of whom were concurrently pursuing an education. Youth were less likely to qualify for EI in 1998 (63%) than workers 25 years and older (92%) primarily because 45% of youth paid workers

²¹ Canada's Survey of Labour and Income Dynamics (SLID) contains detailed longitudinal information on the labour force history of a sample of 30,000 Canadians.

were new entrants or re-entrants compared to only 12% of adult workers.²²

It should be noted that EI coverage extends beyond income benefits. As will be discussed in Chapter 3, Part II of the EI program also assists workers through the provision of Employment Benefits and Support Measures (EBSMs). Coverage under Part II includes former claimants and non-insured individuals, as well as active claimants.

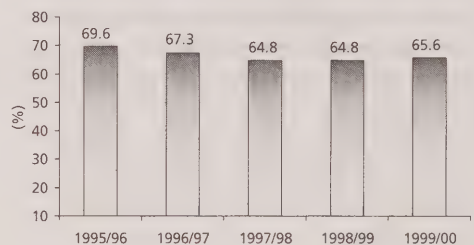
Entitlement and Duration

This section reviews the number of weeks of entitlements versus the actual number of weeks of entitlement used. EI reform reduced the maximum benefit period from 50 to 45 weeks, but this change only affects claimants that have long periods of labour market attachment in high unemployment regions. The hours-based system was expected to increase entitlement for those who work more than 35 hours a week, because the additional hours worked were not counted under the previous weeks-based system. An HRDC study using COEP survey data from 1995/96 and 1997/98 found that the average entitlement period remained at about the same level before and after the reform, though the impact varied among groups. Reflecting differing gender-related employment trends, entitlement dropped by 0.4 weeks for women but increased by 0.2 weeks for men.

Average entitlement remained stable between 1999/00 and 2000/01. This can be explained by the fact that entitlement is based on both the number of hours of insurable employment and the regional rate of unemployment. As noted in Chapter 1, the average unemployment rate fell by only 0.4 of a percentage point in 2000/01 compared to 0.8 of a percentage point in 1999/00.

Given that some claims extend over two fiscal years, the most recent data available with respect to the amount of time spent on claim, covers claims established in 1999/00. Regular claimants who established claims in 1999/00 received an average of 20.6 weeks of EI benefits, down almost a half-week over 1998/99, the fourth consecutive decline since reform. Chart 13 shows that the proportion of entitlement used has declined slightly since EI reform. This reduction in time spent on claim reflects the strong labour market conditions that prevailed in 1999 and 2000. It is important to note that EI administrative data shows that regular benefits claimants used only about two-thirds of their entitlement, on average, in 1999/00. Further, in the communities section, discussed later in the report, it is noted that, even in communities with high unemployment, claimants generally use less than 70% of their entitlement, on average.

Chart 13: Proportion of Entitlement Used by Regular Claimants



Duration of benefits was longest for claimants in Newfoundland and Labrador (27.7 weeks) and Prince Edward Island (25.4 weeks), reflecting the high proportion of seasonal workers in these provinces and longer entitlement periods due to higher rates of unemployment. Average duration was lowest in Alberta (18.3 weeks) and Ontario (18.5 weeks) reflecting strong labour markets in 1999/00.

²² It is important to note that since October 1, 2000, re-entrants who had taken an extended leave from the labour force to care for young children are no longer considered re-entrants and qualify for EI with the same number of hours as other claimants in their region.

Reductions in the average number of weeks paid occurred in all provinces and territories with the exception of the Northwest Territories (+0.4 weeks) and Prince Edward Island (+0.1 weeks). The largest declines were in New Brunswick (-1.3 weeks), Alberta (-1.1 weeks), Quebec (-0.7 weeks) and Saskatchewan (-0.6 weeks).

The average weeks paid remained relatively stable for both women (21.1 weeks) and men (20.2 weeks), down 0.6 and 0.4 weeks, respectively. The average duration for youth was 20.0 weeks and 21.9 weeks for older workers.

During EI reform, concerns were expressed that the legislative changes could result in higher take-up rates for social assistance. In particular, there were concerns that the reduction in the maximum period of entitlement from 50 to 45 weeks and the changes to the eligibility criteria could mean that more people would move onto social assistance. Although no new COEP data is available, previous analysis indicated that only about 12.4% of those claimants who exhausted their claims, moved to social assistance. This is less than before EI reform. Further, the proportion of EI claimants exhausting their benefits declined substantially following reform and has remained relatively stable in the ensuing years. Since EI reform, the number of claimants exhausting their benefits has declined by 33.6% from 665,710 in 1995/96 to 442,210 in 1999/00. Even more dramatic has been the 42.6% decrease in frequent EI claimants exhausting their benefits over the same time period. Consequently, given that coverage rates increased, exhaustion rates decreased, and the proportion of entitlement used remained relatively stable in 2000/01, there is no reason to believe that take-up rates for social assistance have increased.

Family Supplement

About 10.0% of all regular beneficiaries or 135,430 regular benefits claimants received the Family Supplement in 2000/01. This was down slightly from 10.7% in 1999/00. This decline is consistent with an increase in family earnings due to the strong labour market of the past few years.

Total Family Supplement payments declined 5.9% to \$116.5 million, reflecting increased benefit levels. Although women only accounted for 39.4% of all regular claims, 61.4% of Family Supplement payments were made to women. The average weekly top-up was \$44 per week, unchanged from last year. However, average weekly benefits for regular claimants receiving the Family Supplement increased by about \$4 to \$266, following the overall trend for regular benefits.

Intensity Rule

As noted earlier, the intensity rule was eliminated on October 1, 2000. Therefore, the results below reflect the impacts of the intensity provision for a period of only six months.

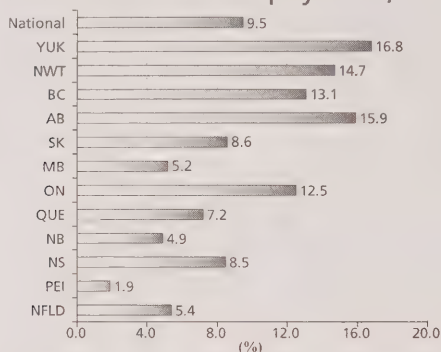
Comparing the first half of 2000/01 to the first half of 1999/00, the number of regular claims affected by the intensity rule declined 1.0% to 191,670 (please refer to Annex 2.16). This represents about 35% of regular claims, roughly the same proportion as in 1999/00. Women and men were affected equally in 2000/01 (49.2% and 50.8%, respectively), whereas men had been more affected (53.6%) than women (46.4%) in 1999/00.

Benefit Repayment Provisions (Clawback)

As was noted earlier, the benefit repayment provisions were designed to ensure claimants with high incomes repay some of their benefits.

Between 1998 and 1999 the number of regular claimants affected by the clawback increased by 24.4% to 111,528, while the amount repaid by them grew by 49.1% to just over \$140.1 million (see Chart 14). The larger increase in amount repaid was indicative of a combination of two factors: the previous program usage for regular benefits, which affected both the repayment rate and the repayment income threshold, and increases in income, which affected the amount subject to repayment. About 92% of claimants repaying regular benefits were men and their repayments accounted for over 94% of all regular benefits repaid.

Chart 14: Proportion of Regular Claims with Benefit Repayment, 1999



Work While on Claim

Under EI, regular beneficiaries are allowed to earn up to \$50 a week or 25% of weekly benefits, whichever is higher, with no reduction in EI benefits. Any earnings beyond this level are deducted dollar-for-dollar from benefits. The aim of this provision is to encourage claimants to maintain their labour force attachment and accept work without adversely affecting their EI claim. In 1999/00,²³ a total of 744,090 or 53.9% of regular claimants reported working while they were on claim (please refer to Annex 2.14). This includes claimants who worked while on claim and still received some benefits for those weeks, as well as claimants

who earned enough to reduce their benefits to zero for some weeks.

As reported in previous Monitoring and Assessment reports, there has been a steady decline in the proportion of regular claimants reporting work while on claim, since EI reform. This trend continued in 1999/00 as the proportion who work while on claim decreased from 56.2% to 53.9% compared to the previous year.

In order to determine whether the design of the provision was creating disincentives to work, analysis of work patterns was undertaken. Results indicated that for claimants who work while on claim, earnings from a week of work affect benefits received depending on how much is earned in that week:

- If the claimant earned less than the maximum allowable earnings, then these earnings act as a top-up to the benefits paid as there is no reduction in benefits paid. Weeks with earnings below the maximum allowable represent 6% of all EI weeks worked.
- In cases where claimants work for only part of a week and earn more than the maximum allowable earnings, benefits are reduced dollar-for-dollar for each dollar earned over the allowable earnings amount. As some benefits are paid for the week, it is counted as a week of entitlement used. This can create a situation where there is little financial incentive for claimants to accept work for only part of the week. This work pattern represents 26% of all EI weeks worked.

In fact, analysis showed that first-time and occasional claimants were much more willing to accept a partial week of work than frequent claimants. Of the EI weeks worked by first-time claimants, 41% were partial weeks, compared to 31% for occasional claimants and 18% for frequent claimants.

²³ Analysis of the work while on claim provision is lagged by one year in order to ensure that claims are complete.

- If the claimant works a "full week" and earns enough to completely offset EI benefits, benefits are reduced to zero. As no benefits are received, this week does not count as a week of EI entitlement used and the length of the claim is, in effect, extended by one week. Weeks with benefits reduced to zero represent 68% of all EI weeks worked.

This suggests that the design of the provision may be flawed as claimants appear to be hesitant to work while on claim unless they can reduce their benefits to zero and keep that week of entitlement for later use.

The design of the work while on claim provision will be further analyzed.

III. FISHING BENEFITS

1. Overview

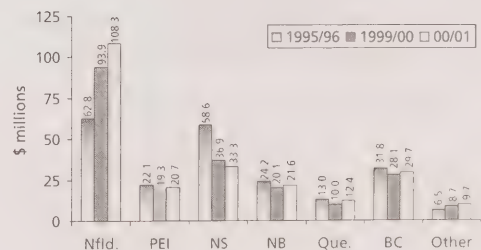
Given that the employment circumstances of fishers emulate an employer/employee relationship, EI extends benefits to self-employed fishers. In 2000/01, fishing claims increased by 11.0% over the previous year, from 25,438 to 28,229 (please refer to Annex 2.6). Claims by men increased by 8.8%, from 21,899 to 23,828, while claims by women increased 24.4%, from 3,539 to 4,401, suggesting a continuous trend of increased participation by women within the industry. Claims increased substantially in Prince Edward Island (18.5%), Newfoundland and Labrador (13.2%) and British Columbia (7.5%), with a slight increase in New Brunswick (2.2%) and remained stable in Nova Scotia (+0.1%).²⁴

Fishers received \$235.6 million in EI fishing benefits in 2000/01, an increase of 8.6% from 1999/00. This may be partly a result of a net increase (5.5%) in the value of resources harvested,²⁵ as fishing benefits paid are tied to

the value of resources harvested. The elimination of the intensity rule may also have contributed to the increase in fishing benefits paid.

Chart 15 shows that total fishing benefits paid increased in all of the major fish-producing provinces except Nova Scotia (-9.8%). The most significant increases in fishing benefits paid occurred in Quebec (24.3%) and Newfoundland and Labrador (15.3%). Average weekly benefits increased by 3.0% (or \$11) to \$377 in 2000/01. It should be noted that this is about 27% higher than average weekly regular benefits of \$297. This reflects the fact that fishers generally earn their annual income over a relatively short period of time and therefore may have higher weekly earnings than other workers. Slight increases were observed in all provinces with major fisheries except British Columbia, where average weekly benefits increased by a much larger amount (8.6%).

Chart 15: Fishing Benefits Paid



In 2000/01, frequent claimants made up 77.1% of fishing claims, up from 74.7% in 1999/00. Frequent claims increased by 14.6% in 2000/01, following a 10.9% increase in 1999/00.

At the provincial level, substantial increases in frequent claimants were observed in Quebec (49.2%), Newfoundland and Labrador (26.4%)

²⁴ Although fishing benefits increased by over 50% in Quebec, the absolute number of fishing claims is relatively small compared to the other fish producing provinces.

²⁵ Please note that while some species increased in value, others declined. However, overall there was a net increase in value of fish stocks.

and Prince Edward Island (16.8%). Small increases were also noted in New Brunswick (3.0%) and British Columbia (3.2%). Nova Scotia was the only major fish-producing province to record a decline in frequent claims (-1.9%).

2. Reform Elements

Earnings-Based System and Qualifying Period

One of the most fundamental EI changes for fishers involved eligibility based on insured earnings instead of weeks of work. Under the earnings-based system, fishers can qualify for benefits with a minimum of between \$2,500 and \$4,199 in insured earnings from fishing. For new entrants and re-entrants to the labour force, a minimum of \$5,500 of insured fishing earnings is required to qualify. The requirement is lower for those claiming special benefits.

Analysis indicates that the change to eligibility based on dollars of insured earnings did not limit access to fishing benefits. In 2000/01, 97.6% of claimants qualified with more than \$5,000 in insured earnings, essentially unchanged from 97.5% in 1999/00. Given that fishers' earnings average well above the variable entrance requirement, fishers are qualifying for benefits without difficulty.

It is also important to note that, under EI, the fixed season and qualifying periods were expanded by eight weeks in 1996. The combination of this change with the relatively low earnings requirement has made it easier for fishers to qualify for fishing benefits in two consecutive seasons. They are able to fish in the winter months and start the summer benefit period earlier, and then fish again in the extended summer fishing season to re-qualify for benefits. Good seasonal conditions and harvests made over short periods allow fishers to establish multiple claims.

As shown in Chart 16, 3,050 fishers (10.8% of fishing claims) claimed fishing benefits in two consecutive seasons (not necessarily within the same fiscal year), up 1.6% from the previous year. The proportion of multiple claims to all fishing claims is significantly higher in Quebec (28.8%) and New Brunswick (21.5%).

Chart 16: Claims in Consecutive Seasons



Family Supplement

Ten percent of fishing claimants (or 2,819 fishers) received the Family Supplement. Total Family Supplement payments to fishers declined by 34.8% to just under \$1.4 million and the average weekly benefits for fishers receiving the Family Supplement declined slightly (-\$3) to \$372. It should be noted that this average was slightly below the average weekly benefit of \$377 paid to all fishers, but 39.8% higher than the average weekly benefit for regular claimants receiving the Family Supplement (\$266).

Intensity Rule

Given that most fishing claims occur in the third quarter of the fiscal year and the intensity rule was eliminated before these claims were filed, it is not possible to do an accurate year-over-year comparison of fishing claims affected by the intensity rule in 2000/01.

It is important to note that the removal of the intensity rule is expected to have a noticeable impact on fishing claims given that 82.9% of all

fishers had their weekly benefits reduced in 1999/00, the last full year that the intensity rule was applied.

Benefit Repayment Provision (Clawback)

In 1999, both the number of fishers affected by the clawback and the amount that they repaid increased substantially, by 54.9% and 81.2%, respectively. In each of the previous two years, a higher number of fishers were affected because the proportion of those with a history of repeat use of EI increased. The large increase in the amount of benefits repaid is due in part to the lowering of the income threshold when a claimant makes repeat use of the program, as well as increases in the incomes of fishers.

IV. SPECIAL BENEFITS

1. Overview

EI provides three types of special benefits: maternity benefits, payable to biological mothers for work missed as a result of pregnancy and childbirth; parental benefits, payable to both biological and adoptive parents due to a separation from work to care for a newborn or an adopted child; and sickness benefits, payable to claimants who are too ill to work.

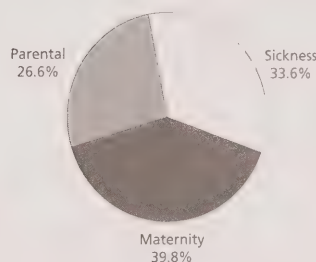
Effective December 31, 2000, changes were made to enhance the duration, accessibility and flexibility of parental benefits. As a result, the number of hours of insurable employment required to qualify for all special benefits was reduced from 700 to 600 hours.

In 2000/01, there were 425,550 new special benefits claims, an increase of 6.0% from 1999/00 (please refer to Annex 2.8). As in past years, women continued to account for about three-quarters (72.6%) of all special benefits claims. About 12% of claims for special benefits

were made by youth, which is about the same proportion as in 1999/00. The average number of weeks for which special benefits were paid increased, averaging 19.7 weeks compared to 19.4 weeks in 1999/00.

Total special benefits payments increased by 5.2% to \$1.8 billion. About 19.7% of all total income benefits paid were special benefits, compared to 13.6% paid before reform. Average weekly benefits increased by 2.1% to \$281 (please refer to Annexes 2.9 through 2.12 for details on special benefits). As shown in Chart 17, 39.8% of special benefits paid were maternity benefits, 26.6% were parental benefits, and 33.6% were sickness benefits, about the same distribution as last year.

Chart 17: Special Benefits Paid by Type



Maternity and Parental Benefits

Claims for maternity benefits decreased marginally in 2000/01, declining by 0.1% from 175,800 to 175,620. Total payments for maternity benefits were \$727.8 million, up 0.7% from 1999/00. The average weekly benefit level for all maternity claims was \$287, an increase of 1.2% from 1999/00.

As noted above, effective December 31, 2000, changes were made to parental benefits that affected the duration and flexibility of the benefits. The duration of parental benefits

increased, from 10 weeks to 35 weeks, while flexibility was increased by allowing parents sharing parental benefits to only serve one two-week waiting period. In addition, parents can earn the greater of \$50 or 25 percent of their weekly parental benefits without a deduction. It should be noted, however, that since these changes only affect the last three months of the current reporting period, it is still too early to assess the impacts of these changes in terms of take-up and duration of use.

Claims for biological and adoptive parental benefits increased by 5.2%, from 170,620 to 179,560. This is the first year that parental claims have exceeded maternity claims. Of particular note is the significant increase in biological parental benefits claims by men. In 2000/01, men's claims for biological parental benefits increased by 44% from 9,030 to 13,000. It is important to note that in the fourth quarter, men's claims for biological parental benefits increased by 62.6%, in line with the introduction of the new parental leave provisions. There was no change in adoptive parental benefit claims for men.

Total payments for parental benefits were \$486.7 million, up 3.2% from 1999/00. The average weekly benefit for biological parents was \$297, an increase of 0.9%. Average weekly benefits for adoptive parents declined 2.7% to \$343. It should be noted that some employers supplement EI maternity and/or parental benefits by offering a top-up.

Almost all claimants collecting (biological) parental benefits were women (92.7%), and 87.3% of those in receipt of (adoptive) parental benefits were women. Recent analysis using COEP data indicates that 90% of women who left their employment for maternity leave had enough hours to qualify for benefits. This was unchanged with the move from a weeks-based to an hours-based system. Administrative results also indicated that parents were using close to their full entitlement of maternity and parental

leave. The average number of weeks for which maternity benefits were paid was 14.5 weeks, or 96.7% of their entitlement (15 weeks). The average number of weeks for which parental (biological) benefits were paid was 9.8 weeks. Adoptive parents in receipt of the parental benefit were on claim for an average of 12.2 weeks.

While the increased use of parental benefits was a positive indicator of the success of the new provisions, it must be noted that 2000/01 was a transition period from the previous parental benefits regime to the new longer and more readily accessible regime. As a result, it is too early to draw any firm conclusions about the impact of the changes and whether or not they will be sustainable.

Sickness Benefits

After increasing by 6.0% in the previous reporting period, the number of sickness claims once again increased by 8.4% to 252,670. Women accounted for a slightly smaller share of sickness claims with 58.9% versus 60.0% last year. Claims by men increased 11.3% to 103,860 and claims by women increased 6.4% to 148,810.

Total payments for sickness benefits increased 13.1% to \$615.4 million. The average weekly benefit level for sickness claims was \$268, an increase of 2.9% over 1999/00. The average number of weeks for which sickness benefits were paid was 9.3 weeks, or 62% of entitlement. At the provincial level, claims increased in all provinces, with the largest increases in Manitoba (15.8%), Nova Scotia (14.2%) and Newfoundland and Labrador (13.6%).

In a continuous effort to monitor the use of sickness benefits, an analysis using EI administrative data and historical labour market trends was undertaken. Results indicated that two-thirds of the increase in sickness claims since EI reform was attributable to "pure" sickness claims: that is, claims that are not combined with regular or maternity/parental benefits. This result suggests that the growth in sickness claims

is attributable to underlying trends in the labour market. It appears that most of the growth in pure claims since EI reform has been the result of a combination of growth in paid employment, an aging population and year-to-year volatility in claims.²⁶

The remaining one-third of the increase was attributable to rising mixed claims, or sickness benefits claims in conjunction with either regular or maternity/parental benefits. The primary factors behind the increase in mixed regular claims appear to be demographic changes in the EI-eligible population,²⁷ an increase in the use of short-term casual weeks of sickness benefits²⁸ and an increase in the number of hours worked due to a strong labour market.²⁹

Mixed maternity/parental claims had increased substantially in recent years, but slowed during this reporting period. It is possible that the decline in 2000/01 was due to parents planning the birth of their children in order to qualify for the enhanced parental benefit regime. Given that the new special benefits cap has been set to 50 weeks, up from 30 weeks, it is unclear whether this upward trend in mixed sickness and parental benefits will continue.

2. Impact of Reform Elements

Hours-Based System

As in past years, the vast majority of special benefits claimants had a strong labour force attachment and most claimants had little difficulty in qualifying for benefits. In addition,

the lower entrance requirements effective for December 31, 2000, meant that 2,060 women qualified for maternity benefits that otherwise would not have under the 700-hour requirement. Similarly, claims for parental benefits increased by 1,880 and claims for sickness benefits rose by 1,600 as a result of the change to the entrance requirements.

Family Supplement

About 22% of maternity and parental benefit claimants and 13% of sickness benefit claimants received the Family Supplement in 2000/01. Receipt of the Family Supplement increased by 3.5%, 10.0% and 6.9% for maternity, parental (biological) and sickness claimants, respectively. The average weekly top-up for special benefit claimants increased 5.9%, from \$39 to \$42. About \$41.6 million in Family Supplement benefits were paid to special claimants, an increase of 12.1% compared to the \$37.1 million paid in 1999/00. Family Supplement benefits paid to maternity claimants increased by 8.2% and those paid to parental (biological) claimants increased by 10.4%, while those paid to sickness claimants increased by 17.5%.

The Family Supplement appears to be helping low-income families claiming special benefits to stay on claim longer. The average number of weeks for which special benefits were paid to low income families was 23.0 weeks in 2000/01, compared to 19.0 weeks for claimants not receiving the top-up. This indicates that, at low benefit rates, the Family Supplement top-

²⁶ This volatility may be related to the industries where paid employment growth occurs. When growth in paid employment occurs in industries that do not tend to provide comprehensive employment benefits, such as many of those in the services-producing sector, claims for sickness benefits will increase.

²⁷ Some provisions introduced in the 1996 reform impacted the demography of the EI-eligible population. For instance, the new entrant and re-entrant requirements made it more difficult for youth to qualify for regular benefits. Also, the switch to an hours-based system increased eligibility for older, part-time workers. As a result, the average age of the EI-eligible population in the case of mixed claims increased.

²⁸ Casual weeks of sickness benefits refer to sickness benefits claimed within an ongoing claim that do not exceed four weeks. In these cases, a medical certificate is not required.

²⁹ Depending on the variable entrance requirements in a particular region, the number of hours required to qualify for special benefits may be higher than the number of hours required to qualify for regular benefits. Consequently, claimants who are eligible to receive regular income benefits may not have enough hours to qualify for sickness benefits. Therefore, when the economy and labour market are strong, claimants increase their hours of work and, as a result, they may become eligible for sickness benefits.

up has a more pronounced impact on the length of time that an individual remains on claim.

Benefit Repayment Provisions (Clawback)³⁰

The 1999 tax year is the last year that special benefits recipients had to repay benefits under the benefit repayment provision. Under Bill C-2, those receiving special benefits are exempt from the benefit repayment provisions, effective in the 2000 tax year.

In 1999, the number of individuals who repaid special benefits increased by 27.5% to 13,627. As shown in Chart 18, the total amount repaid grew proportionally by 28.7% to \$13.6 million. About 1% of all special benefits were repaid by 3.2% of special benefits recipients in 1999. About 66% of special benefits claimants who repaid benefits in 1999 were women.

Chart 18: Benefit Repayment, Special Claimants



³⁰ Prior to the passage of Bill C-2, special benefits claimants with a net income above \$48,750 were required to repay 30% of their net income above the threshold or 30% of benefits, whichever is less.

This chapter provides information on the Employment Benefits and Support Measures (EBSMs) and, in transfer provinces/territories, similar programs and services delivered through the Labour Market Development Agreements (LMDAs). It also provides information on EBSMs in Ontario where no LMDA has been signed.

LMDAs reflect offers made to provinces/territories with respect to EBSM delivery. These agreements exist in two forms: co-managed agreements and transfer agreements.¹ In those jurisdictions with co-managed agreements, each provincial/territorial government has assumed joint responsibility for the planning and evaluation of active employment measures, while HRDC continues to deliver programs and services through its service delivery network. In those jurisdictions with transfer agreements, provincial/territorial governments have assumed full responsibility for the design and delivery of active employment measures funded through the EI program. Please refer to Annex 3.1 for an overview of the LMDAs.²

I. OVERVIEW³

1. Labour Market Context

As outlined in Chapter 1, strong employment growth continued in 2000/01, although at a slower rate than in 1999/00.

2. Methodology

HRDC has simplified its method of producing data for 2000/01 by using only those data provided by the province, territory, or HRDC's own client system. In previous years, HRDC's pay system was also used to capture client information. This refinement was necessary to strengthen the principle of accountability and enhance data integrity. This also simplifies the reconciliation of data between HRDC and transfer provinces/territories where provinces/territories use their own systems for client information.

In general, changes introduced in the present report have had a slight impact on the number of interventions (-4.6%) and clients served (-4.2%). Data suggest that had changes in methodology not been implemented for 2000/01, intervention and client counts would have remained approximately the same as in 1999/00. Tables 1 to 3, in the text, present data using the new methodology and how it would have appeared had no change been made.

To better understand this chapter, the reader should also be aware that differences in service delivery and labour market conditions exist across the country. As a result, comparisons across jurisdictions are difficult.

3. EBSMs

EBSMs is the federal terminology for the active benefits and measures established under Part II of the *Employment Insurance (EI) Act*. In

¹ In Nova Scotia the agreement is known as a framework for a Strategic Partnership and resembles a co-managed agreement.

² For more information on LMDAs, please refer to the *Employment Insurance 2000 Monitoring and Assessment Report*, at <http://www.hrdc-drhc.gc.ca/ae-ei/loi-law/eimar.shtml>.

³ Numbers quoted throughout this report may differ from those published in HRDC's Departmental Performance Report (DPR). The DPR is based on information available at the end of August and does not necessarily reflect year-end figures.

provinces/territories with transfer agreements, the key features of the programs remain similar to the federal EBSMs, with the details of the delivery and design of the programs being determined by the province/territory responsible (see section 63 of the EI Act). Partners, such as Aboriginal organizations also deliver EBSMs as part of pan-Canadian activities.⁴

There are four Employment Benefits⁵ (Targeted Wage Subsidies, Self-Employment, Job Creation Partnerships⁶ and Skills Development) and three Support Measures (Employment Assistance Services (EAS), Labour Market Partnerships and Research and Innovation). Employment Benefits are generally considered to be interventions of a longer duration (long-term interventions), while the EAS Support Measure (which includes Employment Assistance Services Interventions, Employment Group Services (EGS) and Individual Counselling)⁷ and the Employment Benefit Supplément de retour au travail in Quebec are shorter in duration (short-term interventions). Please refer to Annex 3.2 for a description of EBSMs.

The remaining Support Measures (Labour Market Partnerships and Research and Innovation) are mechanisms through which more general assistance can be provided to groups. They are not directly available to clients. Labour Market Partnerships (LMP) may be used to assist employers, communities or employer/employee organizations (e.g., unions

or sector councils), in the development and implementation of strategies for dealing with human resource requirements, such as creating more career development opportunities for youth. In this example, no direct assistance is provided to youth, but the project is designed to create more opportunities for youth in general. Research and Innovation projects help identify better ways of helping clients to obtain and keep employment. Such projects may involve activities related to labour market studies for a specific labour market concern, such as emerging occupations.

4. Eligibility⁸

To be eligible for Employment Benefits funded through the EI Account, individuals must be unemployed and have a current EI claim (active EI client) or a claim that ended in the preceding three years (former EI client). Those who began a maternity or parental claim in the preceding five years, after which they left the labour market to care for newborn or newly adopted children, are also considered former EI clients and are eligible for Employment Benefits upon re-entry into the labour market. Support Measures, on the other hand, are available to all Canadians in need of employment assistance. Clients who do not meet the criteria for Employment Benefits are considered non-insured (non-EI clients) and are eligible only for EAS interventions, Employment Group Services and Individual Counselling.

⁴ Pan-Canadian activities are activities that are national or at least multi-jurisdictional in scope or purpose. They may also be used to respond to special labour market situations that extend to, or affect, the country as a whole.

⁵ Targeted Earning Supplement Benefit was not used in 2000/01 with the exception of the Supplément de retour au travail in Quebec.

⁶ Job Creation Partnerships are no longer used in Quebec.

⁷ The majority of these interventions are delivered under the EAS Support Measure, but may also be delivered through Human Resource Centres of Canada or provincial points of service. For accountability purposes these activities are considered distinct activities and are tracked and reported separately under the heading short-term interventions (see Annex 3.4).

⁸ Eligibility is calculated using an administrative process wherein the date a client requests assistance is equated to the creation date of the return to work action plan.

5. Clients

In 2000/01, 457,839 clients participated in EBSMs. On average, clients participated in 1.35 interventions, which is consistent with that reported in 1999/00 (please refer to Annexes 3.3 and 3.4). Had the 1999/00 methodology used for counting clients been used, the number of clients served in 2000/01 would have remained stable (-0.7%) at about 480,000. This stability in clients served, in spite of the weaker performance of the economy in the fourth quarter and an increase in EI claims, stems from two factors: (1) there is a lag time between when a client becomes unemployed and requests assistance, and (2) not all clients seek assistance under Part II.

EBSM participants with active EI claims accounted for 62.5% of clients served in 2000/01, 17.4% were former EI clients, and 20.1% were non-insured (please refer to Table 1 and Annex 3.4). The proportion of clients that were active EI clients decreased by 1.3 percentage points. Non-EI clients remained stable (-0.8 percentage points), while former EI clients increased by 2.2 percentage points from 1999/00. As indicated in Table 1, these

percentages are slightly different using the old methodology. However, movements in data direction are unaffected.

The increase in the proportion of former EI clients may be partially the result of positive labour market conditions in the first three quarters of 2000/01. This allowed for a greater focus on those clients who were less job ready. It should be noted that non-insured clients are eligible for short-term Support Measures, but not Employment Benefits. However, non-insured clients may have access to other programs offered by HRDC or the provinces/territories that are not funded through EI Part II.

6. Interventions⁹

Throughout this chapter the terminology of short-term and long-term interventions is used in an effort to simplify the EBSMs for reporting purposes. This terminology refers to the duration of a type of benefit or measure. In general, this intervention classification is applicable, but in some instances a long-term intervention may be short in duration or a short-term intervention may be long.

In 2000/01 there were 619,402 interventions started. As was the case in past years, short-term interventions accounted for the majority (68.5%) of the new interventions in 2000/01. Long-term interventions accounted for about 29.5% of new interventions. Pan-Canadian activities accounted for the remaining 2.0% of new start activity (please refer to Table 2 and Annex 3.5). Data arrived at using the 1999/00 methodology indicate that the proportion of interventions accounted for by short-term (65.3%), long-term (32.6%), and Pan-Canadian (2.1%) activities would have remained relatively stable.

Table 1

Clients served by client type

	1999/00	2000/01	2000/01*
Active EI Clients	307,283 (63.8%)	303,069 (63.4%)	286,184 (62.5%)
Former EI Clients	73,378 (15.2%)	82,596 (17.3%)	79,747 (17.4%)
Non EI clients	100,621 (20.9%)	92,231 (19.3%)	91,908 (20.1%)
Total**	481,282 (100%)	477,896 (100%)	457,839 (100%)

Source: Results Data Set

*Data arrived at using new methodology.

**Rounding may result in totals not equalling 100%.

⁹ Interventions refer to participants that started in a benefit or measure between April 1, 2000 and March 31, 2001. Note that interventions are not representative of the number of clients served. For example, one client may have two different interventions, thus resulting in a client count of one but an intervention count of two.

Table 2**EBSM Interventions**

	1999/00	2000/01	2000/01*
Total Long-term Interventions	212,090 (32.8%)	211,726 (32.6%)	182,643 (29.5%)
Total Short-term Interventions	423,798 (65.6%)	424,387 (65.3%)	424,387 (68.5%)
Pan-Canadian Interventions	9,951 (1.5%)	13,316 (2.1%)	12,372 (2.0%)
Total**	645,839 (100%)	649,429 (100%)	619,402 (100%)

Source: Client Data Set

*Data arrived at using new methodology.

** Rounding may result in totals not equalling 100%.

The mix of interventions, in any given province/territory, are determined through a variety of means including, but not limited to, community consultations, assessments of economic conditions and the environment in which service delivery must take place. However, foremost in determining what option would improve a particular client's employability are the specific needs of the client.

Clients are assessed for job readiness before starting an intervention and, in many cases, they are determined to be job ready. Under these circumstances, clients may be best served through a short-term intervention such as those received under the EAS Support Measure. However, in some instances, a short-term intervention may be used as a vital first step to prepare a client for entry into a subsequent long-term intervention. In other instances, short-term interventions, such as job finding activities under EAS, are used as a final step to help clients find work after they have obtained specific skills from a long-term intervention.

Program delivery strategies differ from jurisdiction to jurisdiction in order to meet the needs of the local labour market and, therefore, the use of short- and long-term interventions across jurisdictions varies. LMDAs

provide provinces and territories with the flexibility to ensure that client needs are met at the local level.

Assessment of the data tend to indicate that long-term interventions are accessed more often in those parts of the country where the labour market is weaker and clients face more barriers to employment. It also shows that short-term interventions are accessed more often in those areas where the labour market is relatively strong and clients tend to be job-ready. This, however, does not preclude the use of long-term interventions to address clients' needs for basic skills.

To illustrate the use of the interventions described above, some regions/provinces provided examples of the use of different types of interventions. For example, in jurisdictions where unemployment is high and job opportunities more scarce, long-term interventions are necessary to assist clients in attaining higher levels of skills. Assistance derived from long-term interventions allows clients to compete with a smaller pool of workers for more skilled jobs. In other areas, where economic conditions are more favourable, long-term interventions are used primarily as a means of addressing skill shortages.

The composition of the labour market will also determine the type of intervention that is most suitable. For example, some local labour markets are comprised of a number of industries that do not require high literacy levels. As these industries decline, many individuals with strong attachment to the labour force find themselves unemployed with low levels of literacy and skills specific to a collapsing industry. Such clients not only require basic upgrading to improve literacy levels but also training to provide them with skills suitable to an evolving labour market.

In such cases, clients may require a mix of interventions suitable to address their employment needs.

Long-term Interventions

In 2000/01 there were 182,643 long-term interventions, which accounted for 29.5% of the total interventions started. Had the 1999/00 methodology for counting interventions been used, long-term intervention counts would have remained stable at approximately 212,000.

As was the case in previous years, interventions that involve formal training were accessed more often than other types of long-term interventions. As shown in Table 3, in 2000/01, nationally more than 7 of every 10 long-term interventions were in Skills Development. Skills Development accounted for the majority of long-term interventions in all jurisdictions, although to varying degrees. This reflects a continued emphasis on increasing skills as a means to help clients find and keep employment. Please refer to Annex 3.5 to view provincial/territorial variations in long-term intervention usage.

Table 3

Distribution of Interventions by Type of Long-term Intervention (%)			
	1999/00*	2000/01	2000/01**
Targeted Wage Subsidies	26,096 (12.3%)	29,701 (14.0%)	29,671 (16.2%)
Self-Employment	14,538 (6.9%)	13,414 (6.3%)	11,244 (6.2%)
Job Creation Partnerships	18,591 (8.8%)	14,147 (6.7%)	11,127 (6.1%)
Skills Development	152,865 (72.1%)	154,464 (73.0%)	130,601 (71.5%)
Total***	212,090 (100%)	211,726 (100%)	182,643 (100%)

Source: Client Data Set

*Skills Development for the purposes of this table brings together the results of Purchase of Training, Project Based Training and Skills Development.

**Data arrived at using new methodology.

***Rounding may result in totals not equalling 100%

Short-term Interventions

The number of short-term interventions remained stable (+0.1%) at 424,387 in 2000/01. Short-term interventions accounted for 68.5% of all interventions delivered (please see Annex 3.4 and Table 2 above). Had the 1999/00 methodology been employed, the proportion of short-term interventions would have remained relatively unchanged (-0.3 percentage points) from 1999/00.

As shown in Table 4, EAS and Individual Counselling interventions, as a proportion of short-term interventions, increased by 4.2 and 5.3 percentage points, respectively, from 1999/00 levels, while during the same period, Employment Group Services (EGS) declined by 8.3 percentage points. Much of the decline in EGS is the result of improvements in EGS policy.

Table 4

Distribution of Short-term Interventions by Type of Short-Term Intervention (%)

	1999/00	2000/01
Employment Assistance Services Support Measure*		
Employment Assistance Services Intervention	276,897 (65.3%)	294,770 (69.5%)
Employment Group Services**	94,645 (22.3%)	59,408 (14.0%)
Individual Counselling	40,387 (9.5%)	62,961 (14.8%)
Employment Benefit		
Supplément de retour au travail	11,869 (2.8%)	7,248 (1.7%)
Total***	423,798 (100%)	424,387 (100%)

Source: Client Data Set

*Please note that these numbers also include some assistance carried out by Human Resource Centres of Canada rather than external service providers.

**EGS includes only active EI clients. An EGS intervention is not counted where another intervention has been recorded. Other programs in this table count all interventions regardless of status or the presence of another intervention. As a result, EGS is underestimated in this table.

***Rounding may result in totals not equalling 100%.

The policy specified the type of activities that could be counted under EGS. This resulted in some interventions, previously recorded under EGS, to be more accurately recorded.

However, an increase in EAS and Individual Counselling interventions in 2000/01 was noted. Intervention counts for EGS include only active EI clients who did not take part in any other intervention. This differs from EAS and Individual Counselling, which include counts for all interventions regardless of client status or the presence of another intervention. The numbers for 2000/01 in Table 4 above reflect these factors and must be interpreted with these factors in mind. Further, Table 4 reflects a national perspective. For provincial/territorial variations in short-term intervention usage please refer to Annex 3.5.

Pan-Canadian Activities

Pan-Canadian activities include Labour Market Information Services, which range from career counselling tools and education information to workplace dynamics and information on labour market trends. HRDC's information services and products are delivered through the National Employment Service, which is legislated by the EI Act.

In 2000/01, there were 12,372 interventions recorded as pan-Canadian activities (please see Annex 3.5). Some of these were delivered under Fisheries Restructuring and Adjustment Measures but most of the interventions relate to the Aboriginal Human Resources Development Agreements (AHRDA). It should be stressed that numbers reported under pan-Canadian activities only refer to EI Part II activities. For example, Part II expenditures

account for about one-quarter of the total funds allocated to the Aboriginal Human Resources Development Strategy with the remaining three-quarters coming from the Consolidated Revenue Fund.

II. FINANCIAL EXPENDITURES¹⁰

Expenditures on EBSMs are dependent on many factors, such as the number of clients served and the number of interventions started, as well as the type, duration and cost of a particular intervention. For example, Skills Development is impacted by the cost of training, which may fluctuate from one year to the next. Similarly, Targeted Wage Subsidies (TWS) are dependent on, among other things, the duration of the supplement. However, the needs of the client are the main determinant of the type of intervention(s) required and subsequently impact expenditures. Other factors, such as positive economic conditions and program administration changes, also impacted expenditures in some jurisdictions in 2000/01.

In 2000/01, total program expenditures from the EI Account, excluding LMDA administration costs for transfer regions, declined by 2.4% to about \$2.3 billion from \$2.4 billion in 1999/00. Of this amount \$1.9 billion was spent on Part II expenditures, which included \$1.7 billion in regular Part II and another \$192 million in Part II pan-Canadian. Part I benefits paid to active EI clients participating in EBSMs and pan-Canadian activities accounted for \$398 million, down 3.6% from \$413 million in 1999/00 (please refer to Annexes 3.6 to 3.8).

¹⁰ Although this chapter reports mainly on expenditures for EI Part II active measures, in some instances clients may receive Part I or Part II funding or a combination of both. HRDC allows active EI clients to continue receiving regular EI benefits (Part I) while taking part in Employment Benefits. As one of the conditions for receiving EI benefits, the individual must be available for work, which they would not be if they were engaged in training, a job creation project or setting up their own business. Part II funding is sometimes provided to active EI clients to assist them with additional costs associated with taking part in a program or service. In the case of former EI clients, funding comes solely from EI Part II.

Long-term interventions account for a smaller share of total interventions delivered than do short-term interventions. However, as shown in Table 5, long-term interventions account for a larger portion (58.6%) of total EBSM expenditures than do short-term interventions (20.6%), since they tend to be more expensive to deliver because of their duration. Spending on short-term interventions increased by \$29.1 million (7.9%) and accounted for 20.6% of Part II expenditures. "Other" expenditures, which include expenditures on pan-Canadian activities, such as the Aboriginal Human Resources Development Strategy, decreased by \$15.5 million (3.7%) from 1999/00 and represent 20.8% of total expenditures.

Table 5		
EBSMs		
Expenditures by Intervention (\$000)		
Year	1999/00	2000/01
Part II		
Long-term Interventions	1,191,460 (60.2%)	1,136,089 (58.6%)
Short-term Interventions*	370,818 (18.7%)	399,966 (20.6%)
Other (includes Pan-Canadian)**	418,148 (21.1%)	407,797 (20.8%)
Total Part II***	1,980,426 (100%)	1,938,852 (100%)
Part I		
EBSMs and Pan-Canadian	412,542	397,817
Part I and Part II		
Total Expenditure	2,392,968	2,336,669

Source: Client Data Set and the Corporate Management System
 *No expenditures were recorded against either Employment Group Services or Individual Counselling since these are mostly salary items that are recorded under departmental and provincial/territorial operating budgets. As a result, expenditures for short-term interventions are somewhat understated.
 **LMDA administration costs for transfer provinces/territories are not included. Includes \$7.3 million for Fisheries Restructuring and Adjustment Measures.
 ***Rounding may result in totals not equalling 100%.

Expenditures on long-term interventions as a proportion of total expenditures have declined each year since EI reform in 1996. This is consistent with positive labour market conditions that have prevailed over this period. The use of long-term interventions, and therefore expenditures, decline in times of strong labour market performance.

In previous reports, detailed average cost calculations were included in this chapter. Due to differences in service delivery from jurisdiction to jurisdiction, average cost calculations do not present an accurate picture of average cost per intervention for this reporting period.

III. RESULTS

The results in any one jurisdiction must be assessed in terms of the changing mix of programs and services offered to clients, the needs of the client population, and labour market characteristics. For some types of interventions, expenditures in one year do not produce results until the following year. Therefore, current year results may not correspond to current year expenditures. HRDC reports on its key indicators (please refer to Annex 3.9) and other data, such as the number of interventions (please refer to Annex 3.5).

1. Returns to Work¹¹ and Unpaid Benefits¹²

For 2000/01, a total of 206,004 EBSM clients returned to work.¹³ The return to work of active EI clients before the end of their benefit period resulted in \$730.4 million in unpaid benefits in 2000/01 (please refer to Annex 3.9).

¹¹ "Returns to work" is a success indicator that refers to the number of insured participants (including current and former Part I claimants) who are working in paid employment and have received support through Employment Benefits.

¹² "Unpaid benefits" is a success indicator that refers to the amount of unpaid Part I benefits to active EI clients. It is determined as the difference between an individual's maximum entitlement to regular income benefits and the actual payout of such benefits.

¹³ Overall results do not include an additional 4,651 returns to work and \$8.8 million in unpaid benefits following Aboriginal EBSM interventions. Results for Aboriginal peoples are included separately in the section entitled Aboriginal Human Resources Development Strategy.

Until recently, HRDC did not have the capability to differentiate between non-insured clients and former EI clients in the results process. During 2000/01 the methodology for calculating returns to work was modified to fully comply with the reporting conditions outlined in the LMDAs. The LMDAs specify that only active and former EI clients are to be counted in the return to work indicator. As a result of this refinement, the overall returns to work for 2000/01 do not include non-insured clients.

Employment Group Services

Employment Group Services focuses on job search activities. The group sessions are conducted in an interactive environment to provide the individual participants with the opportunity to learn and develop the knowledge and skills they need to return to work. The sessions include subject matter such as: job search techniques; job application processes; job interviews; and career and occupational choices.

Results for Employment Group Services (EGS) reflect active EI clients who participated in a group session where the content was geared toward getting clients back to work quickly. Results indicate that 20,058 returns to work were attributable to EGS in 2000/01, which translated into unpaid benefits in the amount of \$121.3 million. EGS accounted for 9.7% of all returns to work and 16.6% of unpaid benefits.

Reported EGS returns to work and unpaid benefits were lower than those in 1999/00. This is due to the new policy for EGS described earlier under short-term interventions. The decline in EGS activity is also reflected in the results for overall returns to work and unpaid benefits. It is important to note that this policy change accounts for much of the overall decline in returns to work and unpaid benefits.

Apprentices

The federal government recognizes the importance of apprenticeship as a means of assisting clients in attaining or maintaining skills. As such, apprenticeship is supported through Skills Development. Participants in the apprenticeship program receive income support payments from the federal government through the EI Account. Individuals who follow an apprenticeship program participate in a combination of on-the-job and classroom training for trades and occupations that have been identified by the provinces/territories. Data pertaining to apprentices in this chapter include clients who received benefits from EI Part I, Part II or a combination of both.

Apprenticeship is used by some provinces/territories as the key method to address skill shortages. In such areas, returns to work and unpaid benefits attributable to apprentices will be higher than those in areas of the country where apprenticeship is not emphasized. For example, Alberta places a strong emphasis on apprenticeship as a means of addressing skill shortages. Apprentices account for approximately 58% of unpaid benefits and 40% of returns to work in Alberta.¹⁴ Similarly, in Saskatchewan apprentices accounted for about 76% of unpaid benefits and 56% of returns to work. This compares to 26% of unpaid benefits and 12% of returns to work nationally.

In 2000/01, returns to work for clients who took part in the apprentice component of Skills Development declined by 6.9% to 24,414, compared to 26,210 in 1999/00 (excluding Aboriginal results). Taking into account the decline in overall returns to work as a result of the change in EGS policy, the proportion of returns to work attributable to apprentices

¹⁴ Alberta apprentices are slightly overstated. Please see footnote 5 in Annex 3.9.

remains the same as that reported in 1999/00, at about 9%.

In contrast to returns to work results associated with apprentices, unpaid benefits increased by \$18.7 million to \$189.9 million in 2000/01, compared to \$171.2 million in 1999/00 (excluding Aboriginal results). Taking into account the effect of the EGS policy, the proportion of unpaid benefits accounted for by apprentices was about 19% in 2000/01, which is relatively stable (+0.7 percentage points) over 1999/00.

Aboriginal Human Resources Development Strategy

Under the Aboriginal Human Resources Development Strategy (AHRDS), Human Resources Development Canada negotiates agreements with Aboriginal organizations to give them the authority to design and deliver employment programs and services that reflect and serve Aboriginal needs at the community level. Aboriginal Human Resources Development Agreement (AHRDA) holders typically perform a number of activities in the delivery of their programs and services. These activities may include, but are not limited to, budget/target negotiations, building organizational capacity, program promotion, identifying/counselling/approving clients, determining client needs and evaluating program results.

In 2000/01, AHRDA holders, in cooperation with HRDC, administered programs similar to EBSM that resulted in the return to work of 4,651 Aboriginal clients. This is an increase of 8.5% (365 individuals) over the returns to work for Aboriginal clients in 1999/00. Unpaid benefits increased by 13.7%, to \$8.8 million in 2000/01, compared to \$7.7 million in 1999/00.

The increase in Aboriginal peoples returning to work and the resulting increase in unpaid benefits are attributable to an improved understanding of AHRDS programming and

service delivery throughout the HRDC service delivery network and the Aboriginal organizations involved. As well, HRDC has refined its method of data capture. Aboriginal organizations have also contributed to this increase by improving data capture practices. The increase in the average weekly benefit rate, noted in Chapter 2, is also partially responsible for the increase in unpaid benefits.

IV. PARTICIPATION OF MEMBERS OF DESIGNATED GROUPS

HRDC provides information on participation in employment programs and services for four designated groups: women, persons with disabilities, Aboriginal peoples, and visible minorities (please refer to Annexes 3.10 through 3.13). Information on designated groups is dependent on voluntary self-identification. Consequently, some year-to-year differences may be due to differing levels of self-identification rather than actual changes in participation. Additionally, while progress has been made, incomplete data capture continues to contribute to the problem of underreporting of designated group participation. Nevertheless, the data provides a general indication of designated group participation. HRDC will continue to monitor and assess the situation in its effort to improve the accounting for designated groups in EBSMs.

For 2000/01, Employment Group Services interventions have been excluded from the calculations for designated groups on the basis that the information required to do the designated groups calculation is not available in all Group Services data. Participation in individual EBSMs remains comparable to previous years, as does the total for participation in long-term interventions. Overall this provides a more accurate reflection of designated group participation.

1. Women

In 2000/01, women participated in 45.5% of the interventions delivered. Women were more likely to take part in short-term interventions than long-term interventions. The representation of this group was 49.0% in short-term interventions and 38.3% in long-term interventions. Conversely, men were more likely to take part in long-term interventions than short-term interventions. The representation of women in long-term interventions is heavily affected by the apprentice element of Skills Development where the participation of women is historically low.

The participation of women in long-term Employment Benefits remained relatively unchanged with a 0.2 percentage point decrease from 1999/00. The participation of this group within long-term interventions was highest in Job Creation Partnerships where an increase of 6.9 percentage points raised participation to just under 50%. Participation of women in Self-Employment increased by 1.3 percentage points, but remained stable in Targeted Wage Subsidies (-0.5 percentage points). The participation rate of women in Skills Development declined slightly (-1.1 percentage points), which accounted for the slight decline in the overall participation of women in long-term interventions.

The participation rate of women in short-term interventions in 2000/01 is consistent with the participation rate reported in 1999/00. This group's participation in EAS increased slightly to 50.1% from 49.2%. Women's participation in Individual Counselling and the Supplément de retour au travail in Quebec declined 0.8 and 1.7 percentage points respectively.

2. Persons with Disabilities

Persons with disabilities received 3.7% of all interventions delivered in 2000/01. An increase occurred in all interventions, except for Individual Counselling, where participation declined slightly (0.7 percentage points), to 4.1% in 2000/01 from 4.8% in 1999/2000. The largest increases in participation for persons with disabilities occurred in Job Creation Partnerships (2.6 percentage points) and in EAS interventions, which reached 4.5% in 2000/01, compared to 2.6% in 1999/00. Overall, participation by this group in long-term interventions increased by slightly less than a percentage point (0.8 percentage points).

3. Aboriginal Peoples

In 2000/01, Aboriginal peoples participated in 7.1% of interventions delivered. Aboriginal peoples were more likely to participate in a short-term intervention than in a long-term intervention. The participation of Aboriginal peoples in long-term interventions declined to 2.9% in 2000/01, compared to 4.0% in 1999/00. Decreases occurred across all long-term interventions with the exception of Skills Development, which increased slightly (0.3 percentage points). Participation of Aboriginal peoples in EAS interventions and Individual Counselling increased 1.3 and 3.3 percentage points respectively.

4. Members of Visible Minorities

Members of visible minorities participated in 5.2% of the interventions delivered in 2000/01. The participation rate of this group in long-term interventions declined 0.2 percentage points to 2.5% in 2000/01, compared to 2.7% in 1999/00. Among long-term interventions,

participation of visible minorities increased in Self-Employment and Job Creation Partnerships (0.9 and 0.2 percentage points respectively).

Among short-term interventions, visible minority participation was highest in EAS where this group accounted for slightly less than 8% of all interventions. Members of visible minorities were twice as likely to take part in a short-term intervention than in a long-term intervention.

V. EVALUATION¹⁵

Summative evaluations of the LMDAs, which will provide reliable and valid information concerning a program's impacts and effectiveness, are underway in three provinces: British Columbia, Newfoundland and Labrador, and Quebec.

In British Columbia, officials of the federal and provincial governments met to discuss the summative evaluation. A consultant has been hired to prepare a work plan and discussions are currently underway to begin the next phase of the evaluation. Federal/provincial consultations have taken place on summative evaluations in Newfoundland and Labrador and further collaborative work is underway to move ahead with this evaluation. Quebec is undertaking the summative evaluation of the LMDA in consultation with the federal government.

Much research and consultation has been carried out to ensure that state-of-the-art methods and research designs in estimating the impacts and effects of programs are used in

the summative evaluations. An expert panel, comprised of private sector evaluators, academics and HRDC evaluation representatives, was asked to review and suggest modifications to the current methodology. Based on the panel recommendations, an advanced methodological approach reflecting recent technical developments in results measurement is being developed to evaluate programs and services offered under the LMDAs. This methodological approach will also be applied in Ontario, which does not currently have an LMDA. Although an effort will be made to specify common methodological elements and basic indicators in order to have points of comparison among the regions, the specific concerns of the provinces and territories will be included.

In addition to the work to evaluate the LMDAs on a broader basis, HRDC has also carried out work in preparation for joint federal-provincial pilots to test the feasibility of using operational data to monitor and report on EBSM effectiveness on an ongoing basis. It has been determined that the Medium-Term Indicator (MTI) pilot will test a methodology for tracking participant outcomes over the medium term (up to three years). Agreements have been reached with two provinces to pilot MTI and discussions are ongoing with a third. The MTI projects, and the associated pilots, support HRDC's commitment to monitor and report upon the effectiveness of EBSM programs delivered under LMDAs to the greatest extent possible.

¹⁵ The LMDAs call for two types of evaluations: formative and summative. The *Employment Insurance 1999/00 Monitoring and Assessment Report* provided information on the formative evaluations completed to March 31, 2000. This included findings from: Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, the Northwest Territories, Nova Scotia, Prince Edward Island, Ontario, Quebec and the Yukon. In 2000/01, formative evaluations were well advanced in Saskatchewan and Manitoba and will be finalized in 2001/02. Definitions of formative and summative evaluations, as well as formative evaluation findings reported in previous Monitoring and Assessment reports can be found at <http://www.hrdc-drhc.gc.ca/ae-ei/loi-law/eimar.shtml>.

This chapter reports on the efforts made to provide high quality services to Canadians and assesses the 1996 changes made to the financing structure of Employment Insurance (EI).

I. QUALITY SERVICE INITIATIVES

Key Facts

- 1.8 million new and 0.54 million renewed claims annually (see Chapter 2 for more details)
- 96.6% of claims in pay within 28 days
- Over 320 points of service
- 70% of claimants file their claims at EI kiosks
- 56% of claimants chose to be on direct deposit
- 34% of claimants chose to use telephone declaration for their biweekly reports and are on direct deposit, eliminating 3.5 million pieces of mail
- The Automated Voice Recognition System (AVRES) answers around 29 million calls per year and EI Telephone Centres handle 7 million calls
- Thousands of Canadian families benefited from changes to the maternity and parental provisions introduced in December 31, 2000
- HRDC worked with unions, advocacy organizations and employer groups to communicate the maternity and parental changes to Canadians
- In 2000/01, HRDC redesigned its Insurance Web site to provide better access to information on Canada's most important social insurance program
- 87% of client appeals to the Board of Referees were scheduled for a hearing within 30 days of the date the appeal was received

1. Balancing Service Delivery

In a continuing effort to improve the administration of the EI program and provide better service to clients, HRDC introduced a national policy on EI claims processing in 2000/01. When claimants apply for EI, they are asked to return to the local office once they have received their Record of Employment (ROE) form. Claimants are assured that the processing of their claim will not be delayed as a result of this requirement, as all claims are processed according to the date that the claim begins, not the date that the ROE is received. If clients are unable to obtain the ROE in a timely manner, HRDC will process the claim without the ROE. This new system allows for more timely and accurate claims processing, and improves service to Canadians.

Development of a "balanced scorecard" approach to performance measurement, that is, an appropriate balance between speed of service and quality of service, continued during 2000/01.¹ National speed of service for scheduling of client appeals was 87.0% in 2000/01. This reflects a 2.5% improvement from the previous year, and is the highest level attained in the last five years. The implementation of the Appeals Delivery Management System has allowed everyone in the appeals system to better target where improvement is needed.

2. EI Quality Management Initiative (Quality and Accuracy)

To maintain and enhance the quality of decision making, and to address the EI error rate and the overall service quality at the local level, HRDC put in place the EI Quality Management Initiative. The main goal of this initiative was to implement a framework for

¹ The Balanced Scorecard for EI was in fact implemented on April 1, 2001.

continuous improvement of the quality of all aspects of service delivery. This initiative is solidified through a national Quality Management Policy that is reviewed and updated every year. Quality monitoring and feedback to staff are essential elements of the Policy's implementation.

In addition, a National Insurance Quality Management Committee was formed to oversee this initiative. Each region develops and implements an action plan to redress situations where improvement is required. Staff involved in the delivery of services provide feedback leading to improvements.

Each region provides quarterly reports to National Headquarters detailing actions taken to improve services. National workshops for regional quality co-ordinators are held twice a year to review and update the Quality Management Policy, and to address quality improvement issues.

3. EI Appeals

One of the pillars of EI is the right of a claimant or employer to appeal a decision. HRDC has made a number of important changes to make the EI appeal process more accessible, including the use of telephone and video conferencing.

The first level of appeal is to the Board of Referees (BOR). Three members comprise the BOR. These members are selected based on nominations from labour and business organizations (one-third each) plus a neutral Chairperson. All are members of their community, with no ties to HRDC. EI appeals are heard in 83 appeal centres across Canada. In 2000/01, BORs heard 31,000 appeals, about 1.2% of all new and renewed claims. Twenty-five percent of EI appeals resulted in a change to the decision of the Department. Appeals are normally heard within 30 days of the date received.

The second level appeal is to the Umpire. Last year, Umpires heard 3,100 appeals of BOR decisions, the vast majority (over 90%) from the appellant. This represents a substantial reduction in the number of appeals going to the Umpire in prior years, reflecting greater confidence in the decisions of the BORs.

The third level of appeal is to the Federal Court of Appeal (FCA). This is outside the scope of the Act, but the BOR and the Umpires are bound by FCA decisions.

The appeals system continues to be improved through enhanced training of BOR members, the introduction of a "balanced scorecard" approach to increase appellant confidence, and a user-friendly Internet site of significant EI jurisprudence.

4. EI Internet Development

EI Internet development is based on two pillars: EI Services to Employers and EI Services to Individuals:

EI Services to Employers

EI Services to Employers is a multifaceted initiative that seeks to streamline how businesses provide payroll information to HRDC. The two initial components under review are the ROE Web and Automated Earning Reporting System (AERS) redesign.

In 1998, HRDC management approved a formal project to develop the ROE Laser Print application for national deployment. In 1999, after the national roll-out of ROE Laser Print, HRDC looked into applying new developments in technology to further automate ROE processing using the Internet and Web technology. ROE Web is a phased project to develop and implement a suite of applications enabling government-to-business transactions over the Internet. It involves accepting secure, Web-based transmissions of Record of Employment (ROE) data from employers, using

Public Key Infrastructure (PKI) technology that provides authentication, encryption and digital signature on the transactions. This initiative will improve services to Canadian businesses, improve administration of the EI Fund, and reduce administrative costs.

Key activities will be undertaken in 2001/02 to redesign the AERS. This system, in place since the early 1980s, allows employers to report payroll data to HRDC, which is used to detect and deter abuse against the EI Account. The present system is restrictive in that only certain payrolls can be accepted. The redesign will remove the restrictions on the payroll types as well as allow employers to report their data via the Internet.

EI Services to Individual Canadians

The EI Appli-web project is designed to allow EI claimants to apply for benefits via the Internet. The pilot started in London, Ontario in February 2001.

Appli-web will be expanded to one lead site in each region during fiscal 2001/02. In addition, significant enhancements are being introduced, including the Interactive Fact-finding System (IFFS) and Secure Channel. IFFS is a rules-based, interactive system that will replace the annexes and questionnaires currently used to obtain additional information from clients. Secure Channel increases the level of security available on the Appli-web system by allowing claimants to enter a password as an additional means of identification.

5. The Readability Project (formerly the Plain Language Project)

The Readability Project was conceived during EI reform and began with a partnership with the Department of Justice forged in early 1997. Its purpose is to rewrite and reformat the EI legislation to make it more accessible and easier to understand for Canadians. It respects the current EI legislation and legal rules, and makes no substantive policy changes to the EI program.

An Advisory Group has been formed through the Employment Insurance Commissioners for Workers and Employers to include our partners from the private sector, government, academia, unions and advocacy groups, thereby ensuring broad consensus.

After preliminary phases involving intensive research, development of a new structure for the Act and experimental drafting, the project went into production mode in September 2000 with full-time staff. Drafting of the new version of the EI Act is progressing at a steady pace and consultations are ongoing in regard to the drafting of the text and other plain language techniques.

The tabling of the *Employment Insurance Bill* could be as soon as early 2003. The resultant product could serve as a prototype for future legislative drafting in Canada.

6. Telephone Services

HRDC continues to provide a choice to Canadians of how they access services – in person, by telephone, via the Internet, etc. General inquiries and payment details are answered using the EI automated voice response applications. Claimants can also access expert service for complex inquiries, claim renewal and non-discretionary decisions from 11 call centre sites across Canada.

The HRDC Call Centres Vision and Blueprint for Action (2001-2003) provides an action plan for positioning EI and Income Security Programs Call Centres for the future. To promote Call Centres as a workplace of choice, a recruitment and retention strategy will be developed, including training and career development, and tools designed to support service delivery. A consistent, national telephony platform will simplify the systems maintenance, and reporting functions.

Usage of Teledec (telephone declaration) and Direct Deposit has continued to increase (i.e., to 58% and 56% usage respectively in 2000/01). This has resulted in faster service compared to traditional paper processes.

7. Staff Training

Training for Insurance staff continues to receive high priority as HRDC "walks the talk" as a learning organization. A national training policy will be implemented in 2001/02 to establish a training framework that will support the Insurance program within the context of the corporate service delivery policy.

Knowledge-based training products for claims processing staff are reviewed and maintained on an annual basis to ensure consistency in services provided to clients. New legislation training on Bill C-32² was successfully delivered via Business Television this year and it was then incorporated into existing training products.

Competency-based training for frontline staff is a priority for the EI program. A course on Client Interviewing, Fact-finding and Documentation will be tested during the summer of 2001, and five regional "training for trainer" sessions will be available by the end of the fiscal year. A redesign of the Appeals Argumentation Course will be released to the regions in summer 2001. Finally, training needs analysis for a comprehensive Communication Skills Program for all claims processing staff will be completed this fiscal year.

Training for Investigation & Control (I&C) Officers, Clerical Investigators, as well as for those who manage this function was either piloted or completed during 2000/01 in various formats. Three classroom-training courses were piloted, including Managing I&C Activities

(which addresses the quality management process, operational monitoring, reports, and performance indicators); Interviewing Techniques for Clerical Investigators; and the Investigative Strategy for I&C Officers.

Because of the heightened interest in the Social Insurance Number (SIN) file, two training courses were developed to assist investigators with the conduct of SIN investigations, and on the issue of identity fraud. They will be ready for pilot in the next fiscal year.

Six new Web-based training courses were posted to the I&C Intranet site, as Distance Learning becomes a popular and efficient method of acquiring new learning.

8. Social Insurance Number

The EI Act provides for the administration of the SIN. The role of HRDC is to process SIN applications, maintain the Social Insurance Registry and to ensure the integrity of the SIN program by investigating cases of fraud or misuse.

The new *Personal Information Protection and Electronic Documents Act* went into effect in January 2001. It will help to safeguard the privacy of Canadians and will guide the use of the SIN in both the private and public sectors.

A SIN public awareness campaign began in order to inform the general public and employers on the use of the SIN and how to protect it against abuse. For example, a number of pamphlets/flyers were created by HRDC to educate the public on the proper use of their SIN.

The Auditor General's 1998 report concerning the management of the SIN recommended improvements in the administration of SIN activities. HRDC has responded positively and has

² Bill C-32, the *Budget Implementation Act*, received Royal Assent on June 29, 2000. This legislation contained amendments to the *Employment Insurance Act* to implement the enhanced parental benefits. Parents of children born, or placed in the parent's care for adoption, on or after December 31, 2000, are eligible for the enhanced parental benefits.

made improvements in a number of areas including annotating (flagging) the accounts of 5.6 million SINs in 2000/01 (up from 5.4 million the previous fiscal year) that have not been used in the last five years.

The number of SIN investigations nationally has doubled since 1998/99. A new performance measure, "SIN Investigations Completed," has helped in this regard.

In 2000/01, HRDC implemented a balanced approach to improve the integrity of the Social Insurance Registry (SIR). A four-point action plan has been implemented: working with provincial vital statistics agencies to obtain tombstone information necessary to maintain SIN integrity and prevent fraud; maintaining and making further improvements to SIR data integrity; tightening control of the SIN application-taking process and increasing the number of SIN investigations; and continuing the SIN Public Awareness Campaign.

9. Employment Insurance and In-Person Services

In-person service delivery is constantly evolving since it is inspired by the needs of citizens. In order to play a proactive role in this evolution, a new approach for in-person services is being developed. Clients will have access to current information, adapted to their needs, at the first point of contact.

10. Group Information Sessions

Group Information Sessions help clients understand their rights and obligations, thus allowing them to make informed decisions regarding their EI benefits. They also provide an opportunity to inform clients of services available to help them become re-employed.

All regions have made commitments to implement Group Information Sessions in all of their Human Resources Canada Centres

(HRCCs). To help implement this initiative, National Headquarters staff has visited HRCCs in various regions to assess the sessions given, to provide feedback and to make recommendations for additional improvements where necessary.

An exit survey was completed by clients who attended Group Information Sessions to determine their effectiveness. Nationally, the results reflected that our clients found the sessions very helpful, informative and beneficial.

11. Investigation & Control Savings

In 2000/01, Investigation & Control activities shifted emphasis to prevention and deterrence activities. This shift resulted in a slight reduction in savings to the EI Account, from \$573 million in the previous fiscal year to \$553 million in 2000/01. This represents savings of \$9.23 for every dollar spent on these activities. Total savings were comprised of overpayments (\$181.5 million), administrative penalties (\$98.9 million), and the value of benefits not paid out (\$272.7 million).

12. Undeclared Earnings

As reported last year, the Canada Employment Insurance Commission had adopted a new regulation in December 1999 designed to eliminate the practice of assigning undeclared earnings into a calendar week where the claimant did not work and had no earnings. As intended, it allowed earnings to be accurately applied to and deducted from benefits in respect of the precise period during which they were earned.

However, ongoing monitoring found that, despite the regulatory change, there were still a significant number of cases where the undeclared earnings rules resulted in unfairness. More specifically, the rules resulted

in overpayments when there were undeclared earnings in some weeks of a period of employment and the rules required the earnings to be allocated over the entire period. Analysis indicated this could be addressed by repealing the applicable regulation (Regulation 15). The HRDC Standing Committee also recommended such a change.³

13. EI Economic Regions

Under the EI program, specific entrance requirements and benefit entitlements depend on the unemployment rate in the applicable economic regions, which are established under the legislation. The *EI Regulations* require that EI regions be reviewed at least every five years.

As reported last year, the Department carried out its five-year review of the EI economic regions during 1999/00. The resultant revised regulations were adopted in two phases in July and September 2000. Transitional measures were implemented in two new regions in order to gradually phase-in changes over three years so that people can adjust to the new boundaries. HRDC is using a formula that averages the unemployment rate in the Bas-St-Laurent - Côte Nord Region with the rate in the Gaspésie-Îles-de-la-Madeleine Region and the unemployment rate in the Madawaska-Charlotte EI Region with the rate in the Restigouche-Albert Region. These measures applied to claims processed as of September 17, 2000. Employment measures were also introduced to assist individuals in these two regions who required help due to the non-retroactivity of the regulatory changes.

14. 60th Anniversary of EIUI

The reporting period marked the 60th anniversary of Unemployment Insurance (UI) in Canada. The first UI bill was passed in 1940

and premiums began to be collected in 1941. UI, now EI, has seen many changes over the years, as it has evolved to reflect changes in the Canadian labour market and economy. Benefits have been added and the rules and the program updated many times, but it has remained true to its original principles: to provide income support to Canadians between jobs and to reintegrate Canadians who lose their jobs into the workforce as quickly as possible.

II. FINANCING STRUCTURE

1. First Dollar Coverage

In 1997, EI reform brought in a new method for calculating premiums. Employers and employees now pay premiums on all earnings beginning from the first dollar, up to an annual maximum of \$39,000. This system extends coverage to all workers and is also easier for employers to administer than the previous one, which used a weekly minimum and maximum for calculating insurable earnings. The removal of the weekly minimum as a criterion for eligibility also had the effect of bringing workers with low incomes into the system. Furthermore, the use of annual Maximum Insurable Earnings as opposed to weekly maximums equalized the contributions of workers with similar annual earnings but different work patterns (e.g., seasonal workers).

2. Premium Refunds

To reduce the impact that first dollar coverage would have on low-income earners, individuals with \$2,000 or less of insurable earnings have their premiums refunded under the EI program.

³ The regulation was, in fact, repealed effective August 12, 2001. This means that the treatment of undeclared earnings returns to the pre-1996 rules.

In 1999, 886,147 individuals received a premium refund, 5.7% more than in 1998. The amount refunded to these individuals was \$20 million. Although this represents a decrease of 12.1% over 1998, this was partly due to the decrease in the premium rate from \$2.70 to \$2.55. Of those receiving the refund, 56% were women and 40% were youth.

3. New Hires and Youth Hires Programs⁴

The New Hires Program was a two-year program that provided transitional relief to small firms facing an increase in EI premiums in 1997 and 1998. Under the program, small businesses with employer premiums up to \$60,000 in 1996 could be eligible to receive up to \$10,000 of assistance in each of the two years. Firms could receive a 100% refund in 1997 and 25% in 1998, on any increase in premiums above \$250 from the amount that they contributed in 1996. Firms expected to benefit from the program included those who hired new employees and those with part-time employees who paid EI premiums for the first-time as a result of moving to first dollar coverage.

Under the New Hires Program, eligible firms had up to three years to claim their refunds. The 1997 tax files indicate that for the first year of the program, approximately \$275 million in EI premiums was refunded to 177,000 employers. It is estimated that approximately 336,000 employers were eligible for a premium refund, a take-up rate of close to 53%. The 1998 tax files indicate that for the second year of the program, approximately \$105 million in EI premiums was refunded to 156,000 employers.

In 1999, a two-year program entitled Federal Youth Hires began.⁵ It provided EI premium relief for employers who expanded their youth payroll in 1999 and 2000. All employers (not just small businesses), who hired youth aged 18 to 24 years during that period, were entitled to receive some premium relief. Under the program, the total EI premiums employers paid for youth were no more than the amount that they paid in 1998. There was no maximum premium relief amount.

The preliminary 1999 and 2000 tax files indicate that for the first year of the Federal Youth Hires program, approximately \$184 million was refunded to 294,000 employers and for the second year, approximately \$239 million was refunded to 296,000 employers. Employment gains noted for youth in the 1999 and 2000 reports were a factor in the large refunds as was the decision to adopt a proactive approach to processing that ensured that all eligible employers would receive their refunds without waiting for their applications to be received.

⁴ For a more detailed description of the New Hires and Federal Youth Hires programs, please see Annex 5.1 of the *Employment Insurance 1999 Monitoring and Assessment Report*.

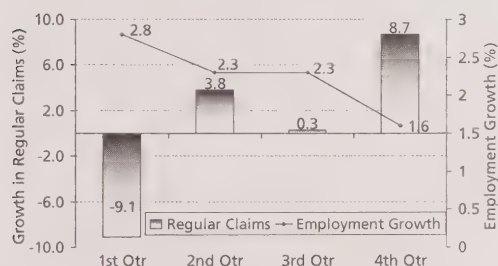
⁵ All employers are eligible to participate in this program. Information regarding the program is available at Canada Customs and Revenue Agency offices and on the Internet at <http://www.ccr-a-adrc.gc.ca> (Forms and Publications).

This chapter integrates the analysis of the impact of EI on the labour market, individuals and communities. It synthesizes the findings from previous chapters and examines the extent to which savings are being achieved.

I. OVERVIEW

Throughout this report, it has been noted that although growth has slowed since the last reporting period, the Canadian economy and labour market generally performed well in 2000/01. However, it should be noted that the growth was unevenly spread across the reporting period (see Chart 1). The fourth quarter, in particular, was characterized by an economic slowdown triggered by declining demand for consumer goods in the United States.

Chart 1: Employment Growth vs. Growth in Regular Claims, 2000/01



As Chart 1 also shows, new EI claims increased considerably over the reporting period. After a significant decline (-9.1%) in the first quarter, new claims began to increase over the second and third quarters (3.8% and 0.3%, respectively). Then, in the final quarter of 2000/01, new claims jumped substantially (8.7%), resulting in an overall increase of about 0.8% or 10,700 new EI claims over 1999/00.

Despite the weaker performance of the economy and labour market in the final quarter of the reporting period, the amount of total income benefits paid declined by 1.0% to \$9.3 billion, with regular benefits paid declining by 2.7% and fishing and special benefits increasing by 8.6% and 5.2%, respectively. This is due to the fact that the majority of new claims were filed in the final quarter of 2000/01 and, therefore, most of the benefits associated with these claims were not paid until 2001/02. Similarly, participation in EBSMs during 2000/01 remained relatively stable in spite of the economic slowdown. This may be because there is a lag between the time when a client becomes unemployed and when that client seeks Part II employment assistance and also, because not all clients seek assistance.

Analysis in Chapter 1 has highlighted the important role of education in labour market outcomes, particularly in times of economic slowdown. Generally, Labour Force Survey data shows that workers with low levels of education face higher levels of unemployment than those with more education. The differential becomes even more pronounced when economic activity begins to slow and those with lower levels of education become much more susceptible to job loss. In fact, a sharp decline in employment for those with less than high school and a decline in employment growth for high school graduates became evident in the third quarter of 2000/01, one quarter before the economic slowdown was measured by economic indicators such as the unemployment rate. However, those with a post-secondary education continued to experience job growth throughout the reporting period, in spite of the changing economic conditions.

II. EI AND INDIVIDUALS

1. Supporting Working Individuals and Their Families

EI is an important program to working Canadians and their families, even when the economy is strong as it was in the first three quarters of 2000/01. Results indicate that even with the continued economic growth, Canadians filed about 1.4 million new regular claims and 1.8 million new claims overall, and about half a million people accessed EI funded active measures to help them return to work in 2000/01.

The analysis demonstrates that the EI program is responsive to variable labour market conditions across different regions, through the variable entrance requirements (VER). As a result of the VER, access to EI was similar across all regions of the country despite variations in unemployment rates and local labour market conditions. Analysis on coverage indicated that 88% of Canadians in paid employment would have been able to access EI benefits if they had lost their jobs in December 1998. According to the Labour Force Survey, over 84% of Canadians were working in paid employment in 2000/01.

Nearly 11% of all EI claims received higher weekly benefits because of the Family Supplement. With the Family Supplement coming to maturity in 2000, average weekly top-ups to EI benefits increased to \$44 in 2000/01. However, increased earnings from employment over the past few reporting periods has reduced reliance on the Family Supplement as more families have incomes that are higher than \$25,921. In 2000/01, the

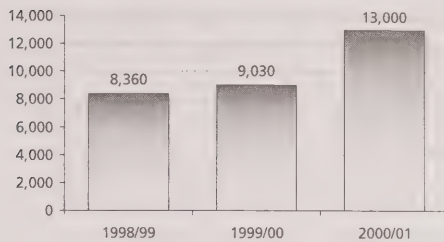
number of claims that included the Family Supplement declined by 4.1% and total payments declined by 2.3%, over the previous reporting period.

Analysis in Chapter 2 also indicated that in 1999/00, a total of 744,090 or 53.9% of regular claimants reported working while they were on claim.¹ Further analysis has found that there is a clustering of claims around the threshold of \$50 or 25% of benefits, and that frequent claimants are much less likely to work while on claim than first-time and occasional claimants. The design of the work while on claim provision will be further analyzed.

In addition to supporting Canadians who are temporarily out of work, EI also plays an important role in supporting working Canadians in their efforts to balance their work and family responsibilities. To offset income loss during an absence from work while caring for newborn or newly adopted children, changes were made to parental benefits that affect the duration and flexibility of the benefits, effective December 31, 2000. The new provisions were in place for only the final quarter of 2000/01. Therefore, firm conclusions cannot yet be drawn. However, analysis indicated that claims for biological and adoptive parental benefits increased by 5.2%, which exceeded the number of maternity claims for the first-time since its inception. Further, men's claims for parental benefits increased by 44% (see Chart 2), suggesting that the new measures have provided the flexibility to allow more fathers to take a leave from their employment to help care for their newborn child. Further monitoring is required to clearly assess the sustainability of these impacts.

¹ The data for work while on claim is lagged by one year in order to ensure that claims are complete.

Chart 2: Number of Fathers Claiming Parental (Biological) Benefits



Claims for sickness benefits increased for the third consecutive reporting period. Analysis using EI administrative data and the Labour Force Survey indicated that most of the change was a result of fundamental changes in the labour market. Two-thirds of the increase in sickness benefits claims since EI reform was attributable to increases in pure sickness claims. Most of the increase in pure sickness claims was due to a combination of growth in paid employment, the aging of the labour force and year-to-year volatility. The remaining one-third of the increase in sickness claims was due to increases in mixed regular and mixed maternity/parental claims.

2. Women and Men

In previous reports, it was emphasized that the different labour market patterns of men and women influence their use of EI. This year was no different. Regular claims by women declined by 2.5%, while men's claims increased by 3.1% in 2000/01. The decline in women's claims reflected the stronger growth in the services-producing sector, where women tend to have greater representation, compared to the goods-producing sector. Men were particularly affected by the slowdown in manufacturing, which was the key factor behind the considerable increase in regular claims during the fourth quarter. Overall, new claims by men employed in manufacturing rose by 19.7% nationally and by 51.1% in Ontario, which accounts for close to one-half of total

employment for men in manufacturing. Further, in the fourth quarter, new manufacturing claims by men in Ontario more than doubled over the previous year. It should be noted that 1999/00 was an exceptionally strong year for the goods-producing sector, in general, and the manufacturing industry, in particular. As a result, the magnitude of the increase in claims in 2000/01 over 1999/00, appears inflated due to the fact that regular claims were at their lowest level ever in 1999/00.

Special benefits claims increased by 6.0% over the previous reporting period and three-quarters of all special benefits claimants were women. Recent changes that reduced the hours required to qualify for special benefits from 700 hours to 600 hours meant that part-time workers, the majority of whom are women, are now able to qualify for special benefits with as little as 12 hours of work per week over a year. Additionally, effective for the 2000 taxation year, special benefits are no longer subject to the clawback provision. It is too early to assess the impact of this change as this provision is administered through the tax system and the latest data available is for the 1999 tax year. The EI program also allows employers the flexibility to supplement special benefits.

To provide greater flexibility and to respond to the realities of dual-earner households, the duration of parental leave was extended and the second waiting period was waived when parents choose to share parental leave. Early evidence shows that the take-up of parental leave by men increased substantially (62.6%) in the fourth quarter of 2000/01, when the new provisions came into effect. Furthermore, changes were made to the re-entrant provisions so that parents who had left the labour force to care for young children are subject to the same eligibility requirements upon re-entry as other claimants in their region.

Women were the primary beneficiaries of provisions aimed at lower income claimants. Nearly two-thirds of Family Supplement payments were made to women, despite the fact that women accounted for less than half of all EI claims. Women also benefited from the Small Weeks provision more than men, filing 59% of all claims with small weeks and, among prime age workers, 62.4% of Small Weeks claims. Women also represented 56% of all recipients of premium refunds.

3. Youth and Older Workers

In Chapter 1, it was noted that youth continued to enjoy strong employment growth (3.6%), as has been the case in the last two Monitoring and Assessment reports. However, declining employment levels for youth in the third and fourth quarters of 2000/01 resulted in a 7.3% increase in claims for youth in the fourth quarter over the previous year. Historically, youth have been one of the first groups to be adversely affected in times of economic slowdown.

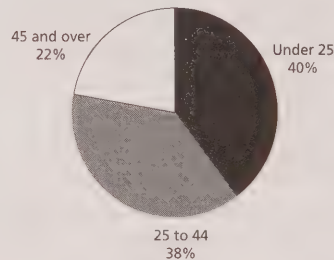
Nonetheless, nearly two-thirds of jobs created for youth in 2000/01 were full time. While this figure is lower than in 1999/00 when over 86% of new employment for youth was full time, it reflects strength in the youth labour market that prevailed, primarily in the first half of the reporting period. It should be noted that many youth who work part-time do so because they also attend school.

An element of EI that has a particular effect on youth is the higher eligibility requirements for new entrants. These rules were designed to ensure that workers, especially new workers, establish a significant attachment to the labour force before collecting EI benefits. In earlier reports, it was noted that this element of the program was achieving its objectives. Results from a recent HRDC study using COEP Survey

data confirm this, finding that the proportion of new entrants and re-entrants working between 910 and 1,050 hours increased from 37.6% before reform to 55.7% in 1997/98. Further, Chapter 2 indicated that the probability of a new entrant or re-entrant making a claim has not changed since EI reform.

Key features of EI financing that affect youth were highlighted in Chapter 4, including premium refunds and the Federal Youth Hires Program, designed to provide relief of EI premiums to employers who expanded their youth payroll in 1999 and 2000. About \$20 million in premiums were refunded to nearly 900,000 low-income contributors in 1999. Youth represented 40% of premium refund recipients (see Chart 3).

Chart 3: People who Received Premium Refunds



Older workers continued to experience a higher than average employment growth rate (3.8%). However, employment growth declined from the beginning to the end of the reporting period. In the first quarter, employment growth for older workers was 5.7%. It fell to 1.7% in the fourth quarter. This is significant because when older workers lose their jobs during a period of economic slowdown, they are more likely than other workers to experience longer periods of unemployment.

The claims pattern for older workers reflected the changes in employment growth during the reporting period, with claims declining by 7.0% in the first quarter and increasing by 14.5% in the final quarter of 2000/01. Older workers with long spells of insured employment duration were particularly affected as claims increased by 12.8%, compared to increases of only 2.1% and 0.4% for older workers with short and medium spells of insurable employment, respectively.

4. Frequent Claimants

Frequent claimants accounted for 37.3% of all regular and fishing claims in 2000/01, down slightly from 39.3% in 1999/00. The proportion of benefits paid to frequent claimants has remained relatively stable since EI reform, at close to 40.0%.

Contrary to previous reports, when most of the decline in the number of frequent claimants was traced to non-seasonal frequent claimants, the gap was less pronounced in 2000/01 (5.6% for non-seasonal workers versus 3.7% for seasonal workers). This can be explained by the fact that economic conditions affect non-seasonal work much more than seasonal work. Consequently, the slowing down of the economy in 2000/01 had a much greater impact on the employment opportunities for non-seasonal frequent claimants.

5. Fishers

Although fishing benefits represent a relatively small part of the EI program, EI benefits play an important stabilization role in fishing communities. Total fishing claims increased by 11.0%, total benefits paid increased by 8.6% and average weekly benefits increased by 3.0% in 2000/01. Fishing claims by men increased by 8.8% and women's fishing claims rose by 25.0% in 2000/01. It should be noted that

despite the large percentage increase in fishing claims by women, in absolute terms, there were only 862 new claims.

The calculation of fishing benefits is different than that for other EI benefits because it is tied to changes in the value of resources harvested. As a result, eligibility for fishers is based on insured earnings rather than insured hours of work, as is the case with all other EI claimants. Results for 2000/01 continue to indicate that virtually all claimants for fishing benefits have more insured earnings than the minimum required to qualify and close to 80% of fishers continue to qualify with twice the amount required to qualify. These results continue to suggest that the earnings-based entry requirements may be too low given the overall level of revenues in the fishery.

6. Coverage

HRDC continues to use a range of measures to understand eligibility for EI income benefits. Analysis that focused specifically on the effectiveness of EI in providing coverage to the *employed* population indicates that 88% of paid workers would have met the eligibility requirements and received EI benefits had they lost their jobs in December 1998. Furthermore, the variable entrance requirements allow for comparable coverage across the country, even in areas of high unemployment.

New analysis of the employed population shows that eligibility was high for both men and women. The data show that access is comparable for similar patterns of work.

The Employment Insurance Coverage Survey (EICS) provides analysis on the *unemployed* population targeted by the EI program. The EICS indicates a high degree of program effectiveness, with 83.2% of those for whom the program was designed being eligible to receive benefits. Moreover, the EICS results

indicated that the difference in EI eligibility between men and women has decreased significantly, from 7.4 percentage points in 1999 to 2.4 percentage points in 2000, due to the increasing proportion of women working full time. Between 1999 and 2000, the proportion of adult women working full time grew by 3.8% while the proportion in part-time employment declined by 1.0%. This compares to increases of 2.2% and 2.1%, respectively, for adult men. Those who are not eligible have insufficient hours.

The beneficiary to unemployed (B/U) ratio, a commonly cited measure of the coverage of the unemployed population, has remained stable at 45%. The B/U ratio is considerably lower than other measures because it is a very broad measure that includes the entire unemployed population, including those who voluntarily quit their job, those who have not had a job in the past year, and those who were formerly self-employed. As a result, its focus is much broader than the target population for EI.

Although there was no new COEP data available this year on the link between EI exhaustion and the take-up of social assistance, the increase in coverage rates, combined with the decrease in exhaustion rates and the stability in the proportion of entitlement used, suggests that the take-up rate for social assistance by EI exhaustees has not increased.

It is important to note that the EI program provides more than income benefits. As noted in Chapter 3, many claimants also participate in EBSMs and, furthermore, many Canadians who are not eligible for income benefits still receive assistance in finding and keeping work through a variety of support measures. It is also worth noting that many other Canadians access information on jobs and the labour market through HRDC local offices and Internet sites.

7. Employment Benefits and Support Measures

The design of EBSMs was intended to adapt active employment measures to local labour market conditions. As a result, interventions can be either long- or short-term in duration, depending on the needs of the individual client. Since the introduction of EBSMs in 1996, long-term interventions have represented a steadily decreasing proportion of total interventions. This is because the labour market has been strong since EI reform and, in positive labour market conditions, short-term interventions are often the preferred means of assisting clients to return to work quickly. However, as noted in Chapter 3, labour market conditions is only one factor that influences the use of long-term interventions. Worker and employer needs and the skill level of the local labour force are also taken into consideration when deciding upon the most appropriate intervention.

The evidence reported in Chapter 3 demonstrates the effectiveness of EBSMs in the short term. In 2000/01, EBSMs and similar programs delivered by the provinces/territories assisted 206,004 individuals to return to work, resulting in savings of \$730.4 million in unpaid benefits.

In terms of designated group participation, results for this reporting period indicate that all groups increased their representation in EBSMs slightly. Of particular note were the results for Aboriginal peoples. Aboriginal Human Resources Development Agreement holders, in cooperation with HRDC, administered EBSMs that resulted in a 9.0% increase in returns to work for Aboriginal clients, while unpaid benefits increased 13.7% to \$8.8 million in 2000/01. The increase in Aboriginal peoples returning to work and the

resulting increase in unpaid benefits are attributable to an improved understanding of AHRDS programming and service delivery throughout the HRDC service delivery network and the Aboriginal organizations involved.

III. EI AND COMMUNITIES

The impact of EI on 14 representative communities was studied through the *Community Perspectives*² project in the first three Monitoring and Assessment reports. In the 2000 report, with EI more fully implemented, the analysis was adapted to focus on how the program responds to local economic and labour market conditions in each of the 14 communities. In this report, the analysis is enhanced with the addition of a socio-economic description of each of the

communities in the context of EI. (Please refer to Annex 4 for individual community profiles.)

In general, positive labour market conditions have led to a decrease in EI beneficiaries in the 14 representative communities. Moreover, continued growth in full-time, full-year employment led to a decrease in frequent claimants in most communities. Still, communities that rely on seasonal industries continue to experience high levels of unemployment and frequent claimants. Resource-based and smaller industrial communities also continue to have a high incidence of frequent claimants.

A number of important economic and social trends were observed in 2000/01. For instance, in Prince Albert, diversification of the economic

The 14 EI Communities



² For more information on the *Community Perspectives* project, see Chapter 4 of the *Employment Insurance 1999 Monitoring and Assessment Report*.

base has had a significant effect in reducing EI use. Similarly, working class communities such as St. Boniface and Surrey showed particularly strong reductions in EI use, as growth in nearby urban centres produced spin-off growth in these communities, particularly in retail and other sales and service industries. Increasing energy prices led to a particularly strong labour market in Calgary Centre and a consequent decline in EI use. Finally, consistent with findings at the national level, there is a high correlation between the average level of educational attainment and employment levels. Communities with higher levels of educational attainment show lower reliance on EI.

The community analysis demonstrates the EI program's responsiveness and adequacy of entitlement despite different economic realities across the country. It also highlights the income stabilization role of the EI program.

EI is specifically designed to respond rapidly and automatically to changes in local labour markets with entrance requirements being reduced and duration of benefits increased, as the unemployment rate rises. Although most communities had relatively strong economies and labour markets in 2000/01, an example of the effectiveness of the variable entrance requirements could be seen in Miramichi. The unemployment rate in Miramichi increased by 1.4 percentage points in 2000/01. In response, the variable entrance requirements decreased from 426 to 420 hours and entitlement increased by 2.4 weeks.

Similarly, the adequacy of EI duration was demonstrated in the 14 communities by the fact that, even in areas of high unemployment, claimants were using only 70% of their entitlement. In Clarendville, for example, where the unemployment rate was 21.0%, only 69.8% of entitlement was used by claimants before returning to work.

The income stabilization role of EI was also evident in the analysis of the 14 communities. In those communities with limited employment opportunities, such as Clarendville, PEI and Miramichi, EI benefits were received by 60%, 39% and 38% of wage earners, respectively, in 1999. Further, EI benefits comprised 8-10% of total employment income in these communities, four to five times the national average of 2%.

IV. SAVINGS

The EI program has undergone a number of changes over the past two years, making it difficult to assess the relative impact on savings from the 1996 reforms. In addition, the more recent changes in economic conditions impact on the benchmark against which savings are assessed. This will become even more difficult in future reporting periods. Nonetheless, the manner in which savings were reported in previous years is followed here.

Savings in the EI program are generated as a result of enhanced claimant assistance services, reductions in fraud and abuse and reduced income benefits. As noted in Chapter 4, total savings from enhanced claimant assistance services (Group Information Sessions) and from Investigation and Control activities for 2000/01 were \$143.5 million and \$553 million, respectively.

The redesign of EI income benefits in 1996 included several major changes to eligibility and benefit calculation systems. These changes were intended to strengthen labour force attachment and insurance principles, as well as to reduce the overall cost of the program. This report presents incremental savings captured due to the maturing of the original EI reforms.

The incremental costs of the Family Supplement are now fully mature as the Family Supplement benefit rate reached its 80% ceiling in January 2000. However, because the benefit rate in April

to December 1999 was 75%, there are still some incremental costs related to the Family Supplement during this reporting period.

The intensity provision was removed effective October 1, 2000. Therefore incremental savings resulting from the intensity rule are reported for the period from April 2000 to September 2000. Additionally, any incremental savings from the 1996 Maximum Insurable Earnings (MIE) freeze ended on December 31, 2000.

The "net effect" of the maturing of the Family Supplement, the intensity provision and the continuing freeze on the MIE has been estimated using administrative data. Results indicate that the maturing of these provisions reduced costs by an additional \$66 million or 0.7% of EI payments over the reporting period.

The MIE freeze and the maturing of the intensity provision affect men more than women because men tend to have higher wages and are more likely than women to be frequent claimants. The Family Supplement, on the other hand, affects women more than men because women tend to have lower incomes. As a result, the net impact of the maturing elements of EI from 1999/00 to 2000/01 was to reduce payments to men by \$51 million and to women by \$15 million. This represented a reduction of 1.0% in EI payments to men and 0.4% to women.

Since the benefit repayment (clawback) provision is delivered through the tax system, final information does not become available until one year after the tax year for which benefits are repaid. Consequently, 1999 data is the latest data available and, therefore, does not reflect the changes to the benefit repayment provision under Bill C-2. That said, incremental savings attributed to the clawback were \$66 million in 1999. These savings translated into a reduction of \$60 million in benefits for men and \$6 million for women.

Including the incremental savings to income benefits for 2000/01, total savings from the original EI reform package met the 10% reduction in EI costs expected under the 1996 reform.

V. SUMMING UP

Results show that EI remains an important program for working Canadians and their families. There were nearly 2 million new claims for EI in 2000/01. Moreover, the responsiveness of EI to changes in economic and labour market conditions was evident in 2000/01. While most of the period since the 1996 reforms has been characterized by strong economic and employment growth, the final quarter of the 2000/01 reporting period reflected an economic slowdown and, consequently, a substantial increase in the demand for EI. This was particularly noticeable among first-time and occasional claimants and those with long durations of insurable employment. Furthermore, despite varying unemployment rates across the country, the variable entrance requirements have ensured appropriate responsiveness from the program to the slowdown in economic growth by providing comparable rates of coverage across all regions.

Overall, the EI program continues to meet its primary objective of providing income support for people who temporarily lose their jobs and helping them return to work. Additionally, in this reporting period, the program has also enhanced the support that it provides to parents by offsetting their income loss when they interrupt their work to care for newborn or newly adopted children. It was adjusted to remain responsive to the needs of Canadians by modifying provisions of the 1996 reform that needed adjustments.

UI/EI Legislative History

The first attempt to establish a Canadian unemployment insurance program came during the depression of the 1930s. The *Employment and Social Insurance Act*, passed in 1935, was found to be unconstitutional since the federal government did not have sole jurisdiction over this area. In 1940, the Government of Canada consulted the provinces and received unanimous approval to amend section 91 of the *British North America Act*, to provide the necessary authority for the federal government to establish an unemployment insurance program. The constitutional amendment was effective July 10, 1940. The Government then introduced and quickly passed the *Unemployment Insurance (UI) Act*, which received Royal Assent on August 7, 1940. The UI program was based on strong insurance principles and was intended to provide income protection for employees. It provided greater protection for those with below average earnings, while those with higher incomes were expected to provide a greater degree of self-insurance. In addition, the program covered only those workers who faced an unpredictable risk of job loss. Industries that faced little risk of unemployment (e.g., public service) and industries with repeated unemployment (e.g., seasonal industries) were not covered. The program also included a higher benefit rate for claimants with dependants.

In an effort to make UI more effective in providing financial support to the unemployed, a revised UI Act was introduced in 1955. In broad terms, the new Act contained a number of departures from the original. It increased benefit levels and eased qualifying conditions. Additionally, Supplementary benefits (which allowed individuals who had exhausted their

regular benefits to receive benefits at a lower rate for fixed periods) were integrated with ordinary benefits, to form the seasonal benefit.

A major reform of the UI Act occurred in 1971, following the release of the White Paper on Unemployment Insurance in 1970. In response to the paper, the UI Act of 1971 (Bill C-229) was introduced, which incorporated many of the White Paper's recommendations. In recognition of rising unemployment rates and the increasing cost of living, eligibility requirements were reduced and benefits increased. A key element of the 1971 reforms was the introduction of a uniform (8-week) entrance requirement. Coverage was also extended to the public sector and to anyone employed for 20 or more hours per week at the applicable provincial minimum wage. At the same time, UI sickness, maternity and retirement benefits were introduced for workers with at least 20 weeks of insured employment. Furthermore, UI was made more sensitive to local labour market conditions through the introduction of extended benefits for regions with high unemployment. Additionally, a three-week special severance benefit, available to retiring insured workers who qualified for the Canada Pension Plan or the Quebec Pension Plan, and a dependency benefit rate of 75% for low-income earners were introduced. Reliance on the fund was to be deterred by treating UI benefits as taxable income.

Amendments were made to the UI Act (Bill C-69) in 1975 to respond to concerns that the program was reducing the incentive to work. To improve work incentives, the Act eliminated a three-week advance payment provision for claimants with

strong labour force attachment, and removed the dependency benefit rate. In addition, the disqualification period for voluntary quits was increased from three to six weeks. Furthermore, to reflect the standard working age, the maximum age at which an individual was insurable was reduced from 70 to 65.

Another comprehensive review of the UI program took place in 1977. In response to the recommendations, Bill C-27, the *Employment and Immigration Reorganization Act* was introduced. Among other things, Bill C-27 merged the Unemployment Insurance Commission with Manpower and Immigration to form Employment and Immigration Canada. Entrance requirements were tightened and the duration of benefits was reduced. At the same time, however, greater emphasis was placed on re-employment through developmental uses of UI, such as income maintenance for claimants on approved training, job creation and work sharing. There was also recognition that not all regions faced the same employment prospects. As a result, variable entrance requirements, ranging from 10 to 14 weeks, were introduced to better reflect local unemployment rates.

Further amendments to decrease disincentives to work and reduce reliance on UI became effective on January 1, 1979, under Bill C-14. Benefit repayment provisions were introduced, effective for the 1979 tax year and the benefit rate was lowered to 60% from 66%. To further reduce reliance on UI, Bill C-14 included provisions requiring more work effort from new entrants and re-entrants in order to qualify for benefits. Similarly, repeat claimants required up to six extra weeks of work to qualify for benefits.

In 1983, Bill C-156 introduced 15 weeks of adoption benefits, effective January 1, 1984. In addition, maternity benefits were simplified and adjusted to conform to the *Canadian Human Rights Act*.

Bill C-21, introduced in 1989, made several changes to the UI program. Firstly, it provided for 10 weeks of parental benefits in addition to the existing maternity benefits, payable to either men or women. These benefits replaced both paternity benefits, introduced in 1988, and adoption benefits, introduced in 1984. This bill also broadened special benefits (maternity, parental, sickness) to provide for a total of 30 weeks of combined special benefits. Secondly, Bill C-21 extended coverage to those aged 65 and over and, in turn, eliminated the three-week lump sum for retirement, as claimants of any age were expected to be available for work. Thirdly, a one-phase benefit structure, based on the number of insured weeks and the unemployment rate in the economic region, was introduced. Fourthly, disqualifications for voluntary leaving and misconduct were expanded. Lastly, Bill C-21 recognized that sweeping structural change in the economy made it less reasonable to assume that an unemployed worker would find a job in the same occupation or industry. To address this issue, a greater proportion of funds was allocated to active employment measures, such as occupational training, to help claimants return to work more quickly.

In 1993, the Government introduced Bill C-113 to reduce program costs and avoid a greater deficit in the UI account, which would have resulted in a \$0.30 increase in premium rates under the "statutory rate" provision. To achieve this, those who voluntarily left their employment were no longer eligible to collect benefits. Furthermore, the replacement rate was reduced from 60% to 57% under Bill C-113.

Bill C-17 was introduced in 1994 and further reduced the replacement rate to 55%, with the exception of low-income individuals with children, who received a replacement rate of 60%. A 12-week minimum entrance requirement and reduced duration were also introduced under Bill C-17.

The *Employment Insurance (EI) Act*, 1996 (Bill C-12) redesigned income benefits to promote greater labour force attachment and to introduce stronger insurance principles into the system. It also placed a greater emphasis on re-employment measures. Under EI, eligibility was based on hours of work, rather than weeks, in order to allow more part-time workers to become eligible for benefits. Changes also included a new benefit structure and new rules for frequent claimants, as well as stricter eligibility requirements for new and re-entrants to the labour market. At the same time, the impact on low-income families with children was softened through the introduction of the Family Supplement. Furthermore, the Government of Canada made an offer to all provinces and territories to develop federal-provincial-territorial partnerships in order to respond to different labour market needs and circumstances across the country. The amount allocated to Employment Benefits and Support Measures was \$1.575 billion in 1996/97. Similar programs and services were provided in provinces/territories that did not establish a partnership.

In 2000, Bill C-32 expanded parental benefits from 10 to 35 weeks, giving parents up to one year of combined maternity and parental benefits. Bill C-32 recognized the importance of the early years in the intellectual, emotional and social development of children and supported parents in balancing the demands of work and family during a child's critical first year. In addition, it reduced the number of hours of insurable employment required to qualify for maternity, parental or sickness benefits from 700

to 600 hours. In order to improve flexibility, a second parent sharing parental leave was no longer required to serve a second two-week waiting period and parents were able to earn the greater of \$50 or 25% of their weekly parental benefit without a reduction in their EI benefits.

As a result of evidence from the Monitoring and Assessment reports, and to ensure that the EI program continued to reflect the changing needs of the economy, the labour market and workers, Bill C-2 was introduced in February 2001, replacing Bill C-44, which was halted with the dissolution of Parliament in the fall of 2000. Bill C-2 eliminated the intensity rule, retroactive to October 1, 2000. Effective in the 2000 tax year, the benefit repayment provisions were adjusted to focus more clearly on repeat regular and fishing claimants with higher incomes. Adjustments were also made to re-entrant rules for parents returning to the workforce, retroactive to October 1, 2000. Under the new rules, parents who temporarily withdrew from the labour force to raise children, and who were in receipt of maternity or parental benefits in the previous six years, are no longer considered new entrants. Finally, Bill C-2 included an extension of the Monitoring and Assessment report to 2006. Additionally, the date on which the report must be submitted to the Minister was extended from December 31 to March 31, to allow more time for consultations with the provinces.

Further adjustments were made to EI in 2001. Small weeks became a national and permanent part of the program on November 18, 2001 and changes to undeclared earnings became effective on August 12, 2001.

Income Benefits Data Tables

- 2.1 Unemployment Rates by EI Region**
- 2.2 Total Income Benefits**
- 2.3 Total Income Benefits by Industry**
- 2.4 Regular Benefits**
- 2.5 Distribution of Claims for Regular Benefits by Duration of Insured Employment**
- 2.6 Fishing Benefits**
- 2.7 Frequent Claimants**
- 2.8 Special Benefits**
- 2.9 Maternity Benefits**
- 2.10 Parental Benefits (Biological)**
- 2.11 Parental Benefits (Adoptive)**
- 2.12 Sickness Benefits**
- 2.13 Family Supplement**
- 2.14 Working While on Claim**
- 2.15 Benefit Repayment Provision (Clawback)**
- 2.16 Claims Affected by the Intensity Rule**

Unemployment Rates by EI Region (%)

	June 1999	Sept. 1999	Dec. 1999	March 2000	June 2000	Sept. 2000	Dec. 2000	March 2001
Newfoundland/Labrador								
St. John's	8.8	9.8	10.5	9.9	9.2	9.3	8.9	8.3
Newfoundland/Labrador	22.1	20.6	19.1	21.5	20.1	20.3	22.3	21.2
Prince Edward Island								
Prince Edward Island	14.5	14.1	13.1	11.8	11.3	12.3	12.9	11.4
Nova Scotia								
Eastern Nova Scotia	16.0	18.7	19.3	18.8	15.4	18.7	16.5	16.4
Central Nova Scotia	11.6	9.8	9.8	10.6				
Western Nova Scotia					8.9	9.8	10.0	9.6
Halifax	6.9	6.3	7.4	6.4	5.5	6.2	6.0	7.3
Kings	7.6	7.5	8.8	8.8				
Yarmouth	11.8	11.3	12.3	9.6				
New Brunswick								
Fredericton-Moncton-St John	6.6	6.6	7.0	7.1	7.5	8.1	7.6	8.6
Madawaska-Charlotte					10.2	13.9	14.2	15.5
Restigouche-Albert					16.1	15.5	15.6	17.3
Restigouche-Charlotte	14.3	13.8	13.8	13.3				
Quebec								
Gaspésie--Îles-de-la-Madeleine					20.1	19.0	20.9	21.6
Eastern Quebec	13.4	13.9	13.4	13.8				
Quebec	8.8	8.6	8.7	8.6	8.3	8.7	6.8	7.1
Trois-Rivières	12.2	11.4	9.6	9.9	10.7	11.3	10.0	9.5
Quebec Centre South	7.6	7.1	5.9	5.3	5.3	5.0	6.8	5.3
Sherbrooke	9.9	9.0	9.7	8.7	8.7	7.5	7.7	8.7
Monteregie	8.7	8.4	8.0	6.3	7.5	6.8	6.4	7.3
Montreal	9.6	8.9	7.4	7.1	7.7	7.8	7.9	8.0
Central Quebec	11.1	11.3	10.6	11.1	11.2	10.2	9.8	10.2
North Western Quebec					17.7	16.7	15.7	16.7
Western Quebec	16.8	13.4	13.3	14.8				
Bas-Saint-Laurent--Côte-Nord					11.2	16.8	18.2	18.9
Northern Quebec	16.7	17.3	15.4	17.0				
Hull	7.1	7.6	7.4	6.1	4.9	6.8	5.7	6.8
Chicoutimi-Jonquiere	12.8	11.4	10.9	10.3	9.7	8.8	10.1	10.5
Ontario								
Ottawa	7.6	7.1	5.2	5.9	5.3	5.8	4.9	4.4
Eastern Ontario	8.3	8.6	8.1	7.8	7.5	7.2	5.9	7.7
Kingston					7.4	5.9	5.2	6.6
North Central Ontario	7.0	7.2	6.5	6.3				
Central Ontario					5.7	6.1	5.1	4.8
Oshawa	6.6	6.0	5.4	5.6	5.7	5.8	5.6	5.4
Toronto	6.8	6.3	5.5	5.4	5.3	5.4	5.7	5.8
Hamilton	4.1	5.7	5.1	4.5	4.7	4.5	5.9	5.9
St. Catharines	6.6	6.8	7.4	5.9	5.6	5.5	6.6	7.6
London	7.4	7.4	5.7	5.6	6.3	6.1	6.0	6.1

Unemployment Rates by EI Region (%)¹

	June 1999	Sept. 1999	Dec. 1999	March 2000	June 2000	Sept. 2000	Dec. 2000	March 2001
Ontario								
Niagara	8.9	8.6	5.9	7.5	7.6	7.5	7.8	7.1
Windsor	5.7	6.3	7.2	5.9	5.3	4.6	5.5	6.7
Kitchener	7.0	4.9	5.1	5.4	4.8	5.8	6.3	5.9
Huron	6.4	7.0	6.7	5.4	6.3	7.9	8.6	10.0
South Central Ontario	5.3	4.1	3.8	3.7	3.5	3.9	4.6	4.0
Sudbury	11.1	10.5	8.8	8.7	7.2	8.4	8.6	7.7
Thunder Bay	9.5	8.7	6.2	6.0	5.7	7.7	7.2	7.8
Northern Ontario	14.0	11.8	11.2	12.5	11.1	12.6	13.8	12.7
Manitoba								
Winnipeg	5.5	5.9	5.7	5.7	5.4	5.2	5.0	5.0
Southern Manitoba	5.6	6.3	5.4	5.7	4.6	5.0	5.4	5.0
Northern Manitoba	21.7	21.5	19.2	22.2	21.9	22.8	22.3	22.6
Saskatchewan								
Regina	5.4	5.6	5.4	4.7	4.9	5.2	4.8	5.3
Saskatoon	6.9	7.1	6.2	4.9	5.9	6.0	5.4	5.9
Southern Saskatchewan	7.7	6.4	6.6	5.8	5.9	6.4	6.7	6.2
Northern Saskatchewan	13.5	12.9	13.2	13.2	12.6	13.6	13.6	14.3
Alberta								
Calgary	5.5	6.2	5.5	4.8	5.1	4.5	4.1	4.8
Edmonton	6.1	6.3	5.6	5.4	5.3	6.2	5.8	5.3
Northern Alberta					9.6	10.8	9.9	8.7
Southern Alberta					6.3	6.8	6.4	6.2
Alberta	8.0	7.3	6.6	6.9				
British Columbia								
Southern Interior BC	10.9	9.5	9.2	9.4	10.8	10.7	10.1	9.5
Abbotsford					7.0	9.4	7.9	7.0
Vancouver	7.9	8.4	7.4	6.3	5.6	6.1	6.0	6.0
Victoria	7.5	7.0	6.2	6.5	6.8	8.2	7.3	6.2
Southern Coastal BC	9.0	9.2	9.1	8.8	8.7	11.0	10.2	10.1
Northern BC	12.0	12.0	10.8	10.6	11.6	13.6	13.1	12.1
Territories²								
Yukon/NWT	25.0	25.0	25.0	25.0				
Yukon					25.0	25.0	25.0	25.0
Northwest Territories					25.0	25.0	25.0	25.0
Nunavut					25.0	25.0	25.0	25.0
CANADA	8.4	7.6	7.6	7.2	7.2	7.4	7.4	7.4

Source: Labour Force Survey

Shaded regions indicate those that participated in the Small Weeks adjustment projects.

1. With the boundary change, effective July 31, 2000, the number of EI regions increased from 54 to 58 and the number of small weeks regions increased from 32 to 34.

2. The Yukon, Northwest Territories and Nunavut unemployment rates are set at 25% for EI purposes since the territories are not included in the Labour Force Survey.

Total Income Benefits

	New Claims ¹					Average Weekly Benefit					Amount Paid ²				
	2000/ 2001 (000)	Percentage Change				2000/ 2001 (\$)	Percentage Change				2000/ 2001 (\$M)	Percentage Change			
		1999/00	1998/99	1997/98	1995/96		1999/00	1998/99	1997/98	1995/96		1999/00	1998/99	1997/98	1995/96
Province/Territory		2000/01	1999/00	1998/99	1997/98		2000/01	1999/00	1998/99	1997/98		2000/01	1999/00	1998/99	1997/98
Newfoundland and Labrador	87	1.8	-2.9	8.6	-5.9	287	5.8	2.5	0.1	-3.0	607.8	2.4	0.4	6.9	-6.3
Prince Edward Island	24	4.4	-4.1	1.7	-2.6	272	5.6	2.1	0.9	-3.5	148.6	4.1	-4.5	1.5	-6.6
Nova Scotia	87	2.9	-1.1	-1.5	-11.8	276	3.5	1.9	1.8	-1.2	492.4	4.0	-3.3	2.8	-16.7
New Brunswick	93	0.3	-2.4	0.1	-8.6	276	5.7	2.6	0.3	-3.3	543.9	2.0	-5.9	4.0	-15.1
Quebec	557	2.1	-2.2	-5.4	-11.1	286	4.3	0.8	1.1	0.5	2,892.7	-0.4	-6.1	-2.7	-16.3
Ontario	477	7.8	-9.1	-1.5	-19.3	312	4.0	1.4	2.2	0.4	2,361.9	1.7	-10.5	-5.8	-15.9
Manitoba	55	0.2	-6.2	5.3	-15.2	280	2.2	3.0	3.1	1.1	264.0	-1.7	-1.4	4.1	-16.8
Saskatchewan	43	-1.7	-9.5	14.6	-17.7	289	3.1	-0.4	4.6	3.2	230.0	1.5	-5.8	23.4	-19.4
Alberta	120	-6.5	-14.0	20.0	-21.4	306	3.9	-2.3	5.5	1.7	625.3	-12.2	-5.3	28.4	-32.1
British Columbia	206	-0.5	-12.1	0.1	10.0	306	3.2	-0.4	0.6	0.0	1,095.5	-7.1	-13.2	6.9	-11.5
Nunavut	1	-5.7	N/A	N/A	N/A	338	1.2	N/A	N/A	N/A	8.1	-11.3	N/A	N/A	N/A
Northwest Territories	2	-11.5	-4.2	13.0	-14.6	341	0.6	-1.0	2.2	2.2	17.5	-8.7	-2.5	16.4	-13.7
Yukon	3	-8.4	-1.4	-12.0	3.3	342	-0.5	2.4	-1.6	3.8	20.2	-6.1	-12.6	7.4	0.8
Sex															
Men	957	4.6	-9.8	1.6	-13.9	326	3.9	0.3	1.4	-0.8	5,410.6	-0.9	-10.5	4.0	-17.8
Women	797	-0.1	-2.6	-1.7	-13.9	259	3.8	2.3	2.1	1.3	3,897.3	-1.2	-2.9	-2.1	-13.6
Age															
Under 25	235	2.5	-6.8	3.4	-20.9	242	5.1	1.5	4.6	2.0	978.7	-0.4	-6.4	6.7	-22.8
25 to 44	1,008	0.4	-8.0	-0.5	-15.2	305	3.8	0.8	2.2	-0.5	5,603.0	-2.8	-7.8	0.6	-17.5
44 to 54	343	6.8	-4.1	0.7	-6.3	305	4.6	-0.2	0.9	-1.1	1,784.3	2.6	-6.7	2.1	-9.3
55 and over	169	5.7	-2.3	-2.1	-8.1	296	4.3	-0.3	0.1	-0.6	941.9	2.5	-7.4	0.6	-11.6
EI History³															
First-Time Claimants	682	7.3	-3.2	6.1	-10.0	283	3.4	0.7	1.5	1.8	3,559.6	0.0	-3.0	5.2	-11.0
Occasional Claimants	534	3.3	-7.2	-0.7	-20.2	288	4.8	1.0	4.0	0.9	2,676.6	-0.4	-7.3	0.8	-21.4
Frequent Claimants	539	-4.0	-9.7	-5.0	-11.7	320	5.1	0.5	1.2	-2.6	3,071.7	-2.6	-12.1	-1.5	-16.3
NATIONAL	1,754	2.4	-6.6	0.1	-13.9	296	4.1	0.6	1.9	0.0	9,307.9	-1.0	-7.4	1.5	-16.1

Source: EI Administrative Data

N/A = not applicable

1. Includes claims on which at least \$1 of EI benefits was paid.

2. Amount Paid represents benefit payments under regular, fishing, special (sickness, maternity, parental/adoption), employment (sec. 25 of EI Act) and worksharing benefits. Payments under Part II of the EI Act are not included.

3. First-time claimants are defined as individuals who did not have a claim in the five years prior to their current claim. Occasional claimants are defined as individuals who have had fewer than three active claims in the five years prior to their current claim. Frequent claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim.

Total Income Benefits by Industry

	2000/2001 (\$M)	Percentage Change			
		1999/00 2000/01	1998/99 1999/00	1997/98 1998/99	1995/96 1997/98
Primary					
Agriculture	205	-0.5	-8.7	4.2	-17.2
Fishing and Trapping	113	5.4	-7.1	70.4	-12.9
Fish Harvesting (self-employed) ¹	252	7.1	-1.3	1.8	1.2
Logging and Forestry	262	-3.6	-17.1	11.9	-5.9
Mining	158	-15.8	-25.7	52.2	-10.3
Manufacturing	1,625	2.8	-5.9	1.9	-18.8
Construction	1,366	-1.0	-12.8	1.4	-21.4
Transportation, Storage and Communications					
Transportation and Storage	349	-7.2	-9.3	2.0	-8.3
Communications	141	-18.6	-6.0	-10.1	-2.9
Trade and Commerce					
Wholesale Trade ²	494	5.3	-28.6	9.1	8.2
Retail Trade	645	-5.0	-5.2	-3.4	-22.0
Finance, Insurance and Real Estate					
Finance and Insurance	232	-6.0	4.6	-16.2	2.5
Real Estate	110	-1.8	-11.9	7.7	-18.7
Community, Business and Personal Services					
Business Services	643	1.9	-5.5	9.9	-11.0
Education	460	-6.3	2.1	-9.5	-13.6
Health and Social Services	483	-5.8	-7.4	-10.4	-14.5
Accommodation, Food and Beverage Services	431	-1.9	-7.0	-4.3	-10.6
Other Services	593	-1.3	-11.8	8.2	-15.2
Public Administration					
Government Services ²	602	3.6	44.4	-7.4	-46.7
Unclassified	145	14.4	-5.8	-7.9	-4.0
ALL INDUSTRIES	9,308	-1.0	-7.4	1.5	-16.1

Source: EI Administrative Data

1. Includes fishing benefits paid to self-employed fishers as well as other types of benefits collected by these claimants, such as special benefits and employment benefits (Part II).
2. There were changes to the process for assigning classification codes in 1999/00 to these sectors that affect results reported.

Regular Benefits

	New Claims ¹					Average Weekly Benefit					Amount Paid ²				
	2000/ 2001 (000)	Percentage Change				2000/ 2001 (\$)	Percentage Change				2000/ 2001 (\$M)	Percentage Change			
		1999/00	1998/99	1997/98	1996/97		1999/00	1998/99	1997/98	1996/97		1999/00	1998/99	1997/98	1996/97
Province/Territory															
Newfoundland and Labrador	70	0.4	-3.9	7.7	-10.0	273	6.4	0.4	-0.9	-2.7	449.1	-1.0	0.0	4.6	-10.0
Prince Edward Island	20	3.0	-6.4	0.6	-1.8	260	6.1	1.4	0.7	-2.2	109.8	3.2	-8.3	2.6	-7.0
Nova Scotia	71	2.6	-1.6	-1.0	-14.1	274	4.3	2.4	3.1	-0.3	386.0	5.5	-4.0	5.3	-19.0
New Brunswick	79	-0.8	-4.2	0.1	-11.1	277	6.4	2.6	0.1	-3.1	450.4	1.8	-7.6	3.5	-17.0
Quebec	471	0.2	-3.2	-5.4	-14.0	288	4.7	0.8	0.9	0.8	2,304.5	-2.7	-6.6	-4.5	-17.0
Ontario	345	8.4	-13.0	-3.4	-23.7	316	5.0	1.4	2.5	1.1	1,559.1	2.4	-15.4	-8.8	-19.0
Manitoba	40	-2.3	-7.8	4.3	-20.0	284	2.5	2.1	4.5	1.8	176.9	-4.1	-4.1	6.5	-22.0
Saskatchewan	33	-3.2	-10.9	15.8	-22.6	296	3.6	-1.1	4.4	5.2	169.9	-0.1	-6.1	28.4	-24.0
Alberta	83	-12.2	-18.6	25.6	-29.8	315	4.5	-2.8	6.4	3.1	411.2	-18.1	-8.2	39.1	-41.0
British Columbia	156	-3.1	-13.7	-2.3	-13.0	309	4.0	-0.4	0.7	0.4	782.2	-10.2	-14.9	6.4	-13.0
Nunavut	1	-2.2	-8.3	-11.3	2.2	334	1.0	N/A	N/A	N/A	6.1	-11.3	N/A	N/A	N/A
Northwest Territories	2	-17.3	N/A	N/A	N/A	340	1.5	-1.6	1.0	3.1	12.4	-15.0	-0.9	24.8	-19.2
Yukon	2	-6.1	-2.4	19.4	-23.2	343	0.2	1.4	-1.6	4.7	16.3	-8.5	-18.3	13.1	0.7
Sex															
Men	831	3.1	-11.0	1.5	-16.2	326	4.2	0.1	1.4	-0.7	4,610.9	-2.0	-11.2	3.4	-19.0
Women	541	-2.5	-4.7	-3.8	-19.5	252	4.9	2.2	1.8	2.0	2,223.2	-4.2	-5.4	-5.3	-18.0
Age															
Under 25	177	0.0	-9.4	3.2	-27.2	247	5.6	1.1	4.9	3.1	675.2	-2.6	-9.1	5.9	-28.0
25 to 44	758	-1.4	-10.5	-1.2	-19.3	305	4.6	0.5	2.3	-0.1	3,828.5	-5.1	-10.2	-0.5	-21.0
45 to 54	294	5.3	-5.0	0.0	-8.0	306	4.8	-0.3	0.9	-1.1	1,517.0	1.1	-7.8	1.5	-10.0
55 and over	143	4.7	-2.7	-3.7	-9.6	296	4.6	-0.4	0.0	-0.2	813.4	1.8	-8.5	-0.8	-12.0
EI History³															
First-Time Claimants	430	6.1	-6.5	6.4	-16.9	279	4.5	0.5	1.8	3.6	2,075.3	-2.9	-5.6	4.5	-15.0
Occasional Claimants	442	2.6	-8.4	-1.0	-23.7	290	5.4	0.6	3.9	1.1	2,062.0	-1.6	-8.3	-0.2	-24.0
Frequent Claimants	500	-4.8	-10.1	-5.0	-12.7	319	5.2	0.3	1.2	-2.4	2,696.8	-3.5	-12.8	-1.7	-17.0
NATIONAL	1,372	0.8	-8.5	-0.6	-17.6	297	4.8	0.4	1.9	0.5	6,834.1	-2.7	-9.4	0.5	-19.0

Source: EI Administrative Data

N/A = not applicable

1. Includes claims on which at least \$1 of regular benefits was paid.

2. Amount paid includes Family Supplement top-ups paid to regular claimants.

3. First-time claimants are defined as individuals who did not have a claim in the five years prior to their current claim. Occasional claimants are defined as individuals who have had fewer than three active claims in the five years prior to their current claim. Frequent claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim.

Distribution of Claims for Regular Benefits by Duration of Insured Employment¹

Province/Territory	New Claims ² 2000/2001			Percentage Change 1999/00 - 2000/01			Percentage Change 1998/99 - 1999/00			Percentage Change 1997/98 ³ - 1998/99			Percentage Change 1995/96 - 1997/98		
	Short spells ⁴	Medium spells ⁵	Long spells ⁶	Short spells ⁴	Medium spells ⁵	Long spells ⁶	Short spells ⁴	Medium spells ⁵	Long spells ⁶	Short spells ⁴	Medium spells ⁵	Long spells ⁶	Short spells ⁴	Medium spells ⁵	Long spells ⁶
Newfoundland and Labrador	7,890	41,700	20,090	-6.0	-2.1	9.2	-13.6	-4.6	2.9	7.5	12.5	-2.5	-56.4	6.3	11.2
Prince Edward Island	1,850	12,100	5,860	3.4	0.4	8.7	-19.7	-4.4	-5.6	1.4	-3.6	10.9	-66.0	19.5	52.8
Nova Scotia	5,060	40,320	25,950	-4.3	0.1	8.4	1.0	-1.2	-2.8	-6.9	1.2	-3.1	-59.4	-11.9	8.0
New Brunswick	4,370	49,180	25,930	-15.6	-3.8	8.9	-18.9	-4.4	0.0	-10.1	1.7	-0.4	-70.8	4.7	22.7
Quebec	25,060	266,170	179,440	0.7	-3.2	5.7	-5.8	-3.1	-2.9	-2.3	-0.6	-12.7	-47.2	-14.6	-5.0
Ontario	11,070	167,590	166,510	-7.4	0.2	19.5	-13.6	-9.2	-17.1	10.5	-4.3	-3.5	-41.7	-27.0	-17.8
Manitoba	1,780	21,970	15,840	-15.6	-6.7	6.5	13.4	-3.9	-15.4	18.5	1.8	6.5	-52.0	-20.2	-14.1
Saskatchewan	1,150	18,520	13,130	-2.5	-4.7	-1.1	-18.6	-2.8	-20.0	79.0	2.7	31.9	-62.1	-27.3	-7.2
Alberta	2,200	41,620	39,090	-29.7	-13.9	-9.1	-8.5	-11.5	-25.9	13.2	13.7	40.3	-52.1	-32.4	-23.8
British Columbia	6,720	84,840	64,120	-15.9	-6.2	3.2	-10.2	-10.9	-17.8	-4.9	0.2	-5.2	-36.2	-14.5	-6.9
Nunavut	30	550	320	-25.0	7.8	-13.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Northwest Territories	50	940	640	-73.7	-44.0	-37.3	-26.9	20.9	-22.1	73.3	-1.4	42.4	-42.3	-27.3	-10.7
Yukon	120	1,330	720	20.0	-1.5	-16.3	-23.1	-13.5	3.6	18.2	0.6	-29.7	-54.2	-8.3	38.8
Sex															
Men	36,430	422,360	372,180	-6.2	-3.3	12.6	-11.1	-8.2	-14.4	-3.4	-0.4	4.6	-56.3	-21.8	5.2
Women	30,920	324,470	185,460	-7.3	-3.5	0.1	-7.8	-3.2	-6.7	8.4	1.7	-13.7	-45.9	-10.4	-25.5
Age															
Under 25	7,900	107,580	61,710	-1.0	-3.3	6.5	-4.0	-8.0	-12.7	-10.5	5.1	1.6	-58.0	-29.2	-14.1
25 to 44	35,370	398,200	324,730	-11.1	-5.4	5.4	-11.9	-8.6	-12.7	-0.4	-0.8	-1.7	-53.4	-19.2	-11.3
45 to 54	14,890	159,120	119,450	-3.5	-0.2	14.8	-9.7	-1.6	-9.1	10.5	1.9	-3.9	-45.8	-6.1	-1.8
55 and over	9,190	81,930	51,750	2.1	0.4	12.8	-3.1	2.4	-10.5	9.7	-1.6	-8.8	-50.2	-5.7	-3.7
EI History⁷															
First-Time Claimants	7,530	194,840	227,200	7.9	1.2	10.6	-4.6	-3.7	-9.0	25.1	18.2	-2.7	-30.8	-17.2	-16.3
Occasional Claimants	28,520	230,570	182,800	-3.0	-2.2	10.5	-1.6	-4.9	-14.0	6.3	-0.7	-2.5	-41.9	-23.8	-20.1
Frequent Claimants	31,300	321,420	147,640	-12.6	-6.8	1.8	-16.0	-8.1	-13.2	-4.4	-6.3	-2.0	-58.8	-13.0	25.2
NATIONAL	67,350	746,830	557,640	-6.7	-3.4	8.1	-9.6	-6.1	-11.8	1.6	0.4	-2.4	-52.4	-17.4	-9.2

Source: EI Administrative Data

N/A = not applicable

1. Due to a methodological change, percentage changes have been revised back to 1995/96.

2. Includes claims on which at least \$1 of regular benefits was paid.

3. Based on updated figures for 1997/98.

4. Short spells - duration of insured employment is at the minimum entrance requirement or up to two weeks above the minimum entrance requirement.

5. Medium spells - duration of insured employment is at least six months over the minimum entrance requirement.

6. Long spells - duration of insured employment is at least six months over the minimum entrance requirement.

7. First-time claimants are defined as individuals who did not have a claim in the five years prior to their current claim. Occasional claimants are defined as individuals who have had fewer than three active claims in the five years prior to their current claim. Frequent claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim.

Fishing Benefits

	New Claims ¹					Average Weekly Benefit					Amount Paid ²				
	2000/ 2001	Percentage Change				2000/ 2001 (\$)	Percentage Change				2000/ 2001 (\$M)	Percentage Change			
		1999/00	1998/99	1997/98	1995/96		1999/00	1998/99	1997/98	1995/96		1999/00	1998/99	1997/98	1995/96
Province/Territory															
Newfoundland and Labrador	12,290	13.2	4.6	12.8	29.1	380	2.4	10.1	3.7	-13.1	108.3	15.3	7.8	17.6	17.9
Prince Edward Island	2,435	18.5	3.9	5.1	-18.2	387	2.1	0.0	-0.8	-6.6	20.7	7.0	6.4	0.3	-18.2
Nova Scotia	4,182	0.1	-14.2	-27.4	-1.8	376	2.2	-1.3	-2.4	-9.3	33.3	-9.8	-11.4	-21.0	-9.9
New Brunswick	2,751	2.2	1.5	6.0	2.0	383	1.6	-0.8	-1.3	-6.1	21.6	7.2	-3.4	-0.6	-13.5
Quebec	1,863	50.5	0.5	-7.4	10.2	379	1.1	0.0	-0.3	-10.9	12.4	24.3	-5.7	-13.0	-30.9
Ontario	109	-11.4	24.2	-29.3	-10.3	335	-2.9	4.9	-6.8	-4.3	1.2	4.4	35.1	-32.8	-60.9
Manitoba	663	1.8	17.9	6.2	-7.3	361	5.2	3.6	9.2	-8.2	6.8	16.1	24.1	22.2	6.2
Saskatchewan	128	19.6	-3.6	38.8	50.9	314	-2.8	4.2	9.5	-14.5	0.9	22.2	-5.5	35.5	6.5
Alberta	52	18.2	-17.0	-11.7	66.7	338	2.1	2.8	-0.9	-16.0	0.3	-19.6	16.3	-17.9	123.4
British Columbia	3,717	7.5	-16.2	-8.8	6.0	366	8.6	-0.6	-4.2	-3.0	29.7	5.8	-13.9	6.6	-3.6
Nunavut	10	N/A	N/A	N/A	N/A	387	N/A	N/A	N/A	N/A	0.0	-86.2	N/A	N/A	N/A
Northwest Territories	24	-27.3	-32.7	22.5	17.6	337	-9.8	3.6	-4.7	-1.3	0.3	15.6	24.8	-3.9	163.5
Yukon	5	-16.7	200.0	-50.0	-20.0	339	-2.6	-15.7	18.3	-11.0	0.1	361.5	-80.0	10.4	-11.1
Sex															
Men	23,828	8.8	-4.5	-4.6	-3.9	381	2.9	5.4	-3.9	-9.5	200.2	6.2	-1.9	0.0	-1.0
Women	4,401	24.4	12.0	7.9	15.9	355	5.0	4.1	15.0	-10.4	35.4	24.8	9.8	12.7	-7.0
Age															
Under 25	2,327	11.2	5.8	-16.9	-57.3	365	2.5	3.3	2.9	-5.2	20.2	13.2	11.2	-15.5	-6.6
25 to 44	14,391	9.1	-3.3	-6.6	363.9	379	2.7	9.7	-14.2	-9.6	120.4	7.5	-2.7	0.5	-3.2
45 to 54	7,499	12.8	-1.4	5.0	-74.3	380	3.4	3.7	-0.3	-10.6	62.3	11.9	0.7	5.5	2.8
55 and over	4,012	14.4	-6.3	4.9	-83.7	373	4.0	4.4	-3.1	-10.7	32.8	4.0	-0.2	8.3	0.1
El History³															
First-Time Claimants	1,368	-5.5	-55.0	57.6	-91.8	353	0.9	9.0	4.6	-5.8	12.8	-7.6	6.2	21.3	93.5
Occasional Claimants	5,093	1.9	-13.2	47.9	350.8	362	1.1	6.5	3.7	-9.2	39.8	12.7	15.1	25.8	35.8
Frequent Claimants	21,768	14.6	10.9	-18.6	492.7	382	3.2	1.4	-0.5	-8.7	183.0	2.2	-4.2	-3.8	-8.5
NATIONAL	28,229	11.0	-2.5	-3.2	7.8	377	3.0	3.7	-0.8	-9.4	235.6	8.6	-0.5	1.3	-1.7

Source: EI Administrative Data

N/A = not applicable

1. Includes claims on which at least \$1 of fishing benefits was paid.

2. Amount paid includes Family Supplement top-ups paid to fishing claimants.

3. First-time claimants are defined as individuals who did not have a claim in the five years prior to their current claim. Occasional claimants are defined as individuals who have had fewer than three active claims in the five years prior to their current claim. Frequent claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim.

Frequent Claimants¹

Province/Territory	New Claims ²					Average Weekly Benefit					Amount Paid				
	2000/ 2001	Percentage Change ³				2000/ 2001 (\$)	Percentage Change ³				2000/ 2001 (\$M)	Percentage Change ³			
		1999/00	1998/99	1997/98	1995/96		1999/00	1998/99	1997/98	1995/96		1999/00	1998/99	1997/98	1995/96
Newfoundland and Labrador	48,898	5.3	-2.0	-0.3	-10.7	317	7.1	3.1	1.1	-4.1	357.7	7.2	-5.9	0.2	-11.1
Prince Edward Island	14,654	3.7	-5.1	-1.1	-6.7	291	6.0	3.3	1.0	-6.5	94.6	2.5	-7.0	0.9	-11.5
Nova Scotia	38,924	-1.1	-7.1	-6.5	-9.3	306	6.1	1.0	1.6	-4.0	241.0	3.1	-10.3	3.0	-18.0
New Brunswick	49,455	-2.7	-6.1	-2.5	-7.9	302	6.9	2.0	1.2	-4.4	314.2	0.0	-9.1	3.9	-15.6
Quebec	194,817	-5.2	-7.8	-6.5	-9.3	317	5.5	0.5	1.0	-2.4	1,026.0	-5.4	-10.7	-6.5	-14.7
Ontario	84,541	-7.8	-14.6	-9.0	-17.9	339	4.1	0.6	1.2	-1.3	379.9	-4.4	-20.5	-8.4	-17.3
Manitoba	12,744	-7.9	-8.8	-0.7	-17.9	313	4.2	1.0	2.0	0.0	61.7	-4.9	-5.9	4.8	-21.8
Saskatchewan	10,941	-4.0	-11.7	3.8	-22.2	326	4.6	0.1	2.2	1.0	60.0	2.3	-8.1	13.5	-27.2
Alberta	17,911	-7.4	-22.9	7.4	-28.9	353	4.0	-1.5	3.8	-0.3	90.0	-8.4	-21.5	23.7	-42.7
British Columbia	47,895	-5.2	-13.4	-4.9	-12.4	339	4.6	-0.8	-0.6	-2.3	242.8	-9.1	-18.2	3.0	-15.7
Nunavut	157	-7.6	N/A	N/A	N/A	346	9.1	N/A	N/A	N/A	1.7	38.4	N/A	N/A	N/A
Northwest Territories	369	-35.4	-16.8	-12.2	-5.3	386	12.2	-2.1	2.0	-2.9	3.7	-6.0	-36.5	8.5	-4.7
Yukon	842	-3.4	-11.9	-4.0	-11.4	374	2.7	-1.3	-0.1	-3.6	6.8	2.3	-22.6	22.2	-23.2
Sex															
Men	349,917	-3.2	-10.1	-4.2	-12.4	353	4.9	-0.1	0.5	-3.3	2,216.5	-1.9	-13.5	-0.9	-16.6
Women	172,231	-6.0	-8.4	-6.6	-13.0	256	5.6	2.5	2.1	-0.9	663.3	-4.8	-8.5	-4.7	-17.0
Age															
Under 25	14,869	-9.8	-20.0	-5.5	-29.3	309	7.7	3.4	2.6	-2.5	84.0	-11.3	-15.3	-1.9	-34.8
25 to 44	283,882	-7.9	-12.1	-7.4	-16.4	327	5.3	0.7	1.2	-2.3	1,588.2	-6.2	-14.6	-3.7	-19.9
45 to 54	145,767	1.4	-5.4	-1.4	-3.2	319	5.4	-0.2	1.0	-3.5	774.7	3.1	-9.6	1.1	-7.6
55 and over	77,630	2.0	-3.2	-0.7	-3.9	307	5.1	0.0	0.7	-3.0	432.9	3.7	-6.7	1.8	-9.7
Seasonality⁴															
Seasonal	415,918	-3.7	-7.5	-4.0	-11.2	323	5.2	0.4	0.8	-2.5	2,302.9	-1.8	-10.6	-0.4	-16.6
Non-seasonal	106,230	-5.6	-16.8	-8.4	-17.0	315	5.3	0.3	2.0	-3.3	576.9	-5.7	-18.7	-6.6	-16.9
NATIONAL	522,148	-4.1	-9.6	-5.0	-12.6	321	5.2	0.4	1.1	-2.7	2,879.8	-2.6	-12.4	-1.8	-16.7

Source: EI Administrative Data

N/A = not applicable

1. This includes both regular and fishing claims.

2. Includes claims on which at least \$1 of regular or fishing benefits was paid.

3. As a result of a methodological change to allow for the inclusion of Nunavut, results have been revised back to 1995/96.

4. Individuals who started previous claims at about the same time of the year as their current claim are considered seasonal claimants.

Special Benefits^{1,2}

New Claims³

Amount Paid

Province/Territory	2000/2001	Percentage Change			2000/2001 (\$M)	Percentage Change		
		1999/00 2000/01	1998/99 1999/00	1997/98 1998/99		1999/00 2000/01	1998/99 1999/00	1997/98 1998/99
Newfoundland and Labrador	7,380	9.3	-7.3	19.1	27.2	11.7	-1.6	12.6
Prince Edward Island	2,920	12.7	13.6	-5.0	9.6	12.7	13.8	-13.8
Nova Scotia	15,550	10.8	4.4	8.1	54.6	9.1	8.3	5.4
New Brunswick	15,660	3.8	11.7	4.5	48.9	0.9	11.4	6.0
Quebec	117,780	6.8	8.7	5.8	450.2	8.1	6.4	7.1
Ontario	145,870	4.4	1.9	3.0	723.6	3.4	2.5	2.8
Manitoba	15,020	8.0	-2.2	9.0	59.6	1.0	4.8	1.8
Saskatchewan	10,620	4.4	-2.6	2.8	46.9	8.2	-2.1	6.3
Alberta	37,710	6.6	0.5	5.6	164.9	4.3	5.0	4.2
British Columbia	55,780	7.0	-1.6	4.7	236.7	5.7	-2.0	6.0
Nunavut	280	-6.7	N/A	N/A	1.7	12.5	N/A	N/A
Northwest Territories	590	25.5	-13.5	1.1	3.4	17.1	-18.0	2.5
Yukon	390	-23.5	50.0	-10.5	2.8	14.0	49.8	-22.9
Sex								
Men	116,650	14.1	4.6	8.5	325.1	15.9	5.8	11.5
Women	308,900	3.2	2.6	3.6	1,504.8	3.2	2.9	3.3
Age								
Under 25	52,940	8.0	3.5	6.4	169.4	7.1	6.6	13.2
25 to 44	281,270	4.2	2.5	3.0	1,405.3	3.4	2.5	2.7
45 to 54	59,350	12.4	5.9	11.0	164.0	18.1	8.7	9.0
55 and over	31,990	8.4	2.9	9.4	91.2	10.8	3.2	13.8
NATIONAL	425,550	6.0	3.1	4.8	1,829.9	5.2	3.3	4.5
								-1.0

Source: EI Administrative Data

N/A = not applicable

1. For a breakdown of maternity, parental and sickness benefits, please see Tables 2.9, 2.10, 2.11 and 2.12.

2. As of December 31, 2000, the number of hours required to qualify for special benefits decreased from 700 to 600 hours. As the reporting period only covers three months of this change, results will not be fully reflected until next year.

3. Includes claims on which at least \$1 of maternity, parental or sickness benefits were paid.

Maternity Benefits¹

	New Claims ²				Average Number of Weeks Paid				Average Weekly Benefit				Amount Paid			
	2000/ 2001	Percentage Change			2000/ 2001	Percentage Change			2000/ 2001	Percentage Change			2000/ 2001	Percentage Change		
		1999/00	1998/99	1997/98	1995/96	1999/00	1998/99	1997/98	1995/96	1999/00	1998/99	1997/98	1995/96	1999/00	1998/99	1997/98
Province/Territory	2000/ 2001	1999/00	1998/99	1997/98	1995/96	2000/01	1999/00	1998/99	1997/98	2000/01	1999/00	1998/99	1997/98	2000/01	1999/00	1998/99
Newfoundland and Labrador	2,240	-4.3	-2.5	7.1	12.0	14.5	0.7	2.9	-2.0	-0.7	262	6.9	-5.9	-0.9	-7.3	8.9
Prince Edward Island	920	0.0	17.9	-22.0	51.5	14.1	0.0	-2.1	2.1	-1.7	244	-6.8	9.3	1.4	-5.4	3.4
Nova Scotia	5,190	2.4	2.4	4.9	8.3	14.4	0.7	0.0	0.2	-1.6	255	-1.2	4.4	5.4	-8.7	19.2
New Brunswick	3,910	-8.9	15.0	-7.4	18.5	14.4	0.7	1.4	-2.2	1.0	245	-2.0	4.8	-0.8	-5.2	13.8
Quebec	40,870	0.0	3.3	-0.4	-6.7	14.5	0.0	0.7	0.3	-0.6	282	2.5	2.6	2.5	-3.4	167.6
Ontario	71,710	-1.4	2.4	-1.1	0.1	14.6	0.7	0.0	0.4	-0.9	302	0.9	1.8	0.2	-3.6	313.6
Manitoba	6,310	-3.1	-3.3	5.3	3.4	14.6	1.4	-1.4	1.0	-0.1	262	1.4	5.6	-2.6	-4.3	23.7
Saskatchewan	5,280	-2.0	1.9	-1.3	4.3	14.6	1.4	0.0	-0.6	0.0	264	0.9	5.7	0.2	-6.5	20.4
Alberta	17,850	3.5	-1.1	2.1	6.7	14.6	0.7	0.0	1.1	-0.3	274	2.3	2.1	0.9	-5.7	68.9
British Columbia	20,570	4.5	-7.5	6.0	1.6	14.5	0.7	-0.7	0.4	-0.6	286	-0.4	1.4	1.6	-5.7	84.6
Nunavut	180	5.9	N/A	N/A	N/A	14.5	2.1	N/A	N/A	N/A	349	6.9	N/A	N/A	N/A	0.9
Northwest Territories	350	12.9	-5.9	-10.5	1.8	14.1	-2.8	-2.7	9.8	-4.8	327	-6.2	-1.1	3.6	-3.4	1.7
Yukon	240	0.0	33.3	-14.3	31.3	14.8	0.7	2.8	4.8	-0.5	328	-6.4	19.9	-3.3	-4.5	1.2
Age																
Under 25	29,020	4.1	0.6	8.0	24.6	14.4	1.4	-0.1	0.5	-1.0	193	3.5	3.1	4.5	-10.0	80.6
25 and over	146,600	-0.9	1.2	-0.9	-2.9	14.5	0.2	0.0	0.4	-0.5	306	1.6	2.1	1.1	-2.6	647.2
NATIONAL	175,620	-0.1	1.1	0.4	0.4	14.5	0.0	0.0	0.4	-0.6	287	1.2	2.2	0.9	-4.4	727.8

Source: EI Administrative Data

N/A = not applicable

1. As of December 31, 2000, the number of hours required to qualify for maternity benefits decreased from 700 to 600 hours. As the reporting period only covers three months of this change, results will not be fully reflected until next year.

2. Includes claims on which at least \$1 of maternity benefits was paid.

Parental Benefits (Biological)¹

	New Claims ²				Average Number of Weeks Paid ³				Average Weekly Benefit				Amount Paid			
	2000/ 2001	Percentage Change			2000/ 2001	Percentage Change			2000/ 2001	Percentage Change			2000/ 2001	Percentage Change		
		1999/00	2000/01	1998/99	1999/00	1999/00	2000/01	1998/99	1999/00	1999/00	2000/01	1998/99	1999/00	1999/00	2000/01	1998/99
Province/Territory		1999/00	2000/01	1998/99	1999/00	2000/01	1998/99	1999/00	2000/01	1998/99	1999/00	2000/01	1998/99	1999/00	2000/01	1998/99
Newfoundland and Labrador	2,080	-0.5	-3.7	3.8	13.6	10.1	13.5	-2.2	1.3	-1.9	277	7.3	-5.9	-0.2	-4.8	5.7
Prince Edward Island	890	14.1	8.3	-14.3	31.3	9.4	3.3	3.4	-0.3	-2.9	250	-11.6	14.1	-1.0	-1.4	2.0
Nova Scotia	5,060	7.7	5.4	5.2	1.4	9.8	11.4	0.0	-1.8	-2.4	270	1.2	4.0	4.1	-4.7	12.5
New Brunswick	3,880	-2.5	21.0	-11.6	16.3	9.7	11.5	1.2	-3.7	-4.1	260	-1.5	5.9	-0.2	-5.3	8.7
Quebec	42,450	7.7	2.2	1.0	-9.0	9.5	6.7	0.0	-0.7	-4.0	292	2.9	2.6	2.4	-1.6	112.5
Ontario	72,860	3.0	2.6	0.4	-2.6	9.8	6.5	0.0	-0.6	-2.3	311	0.6	2.2	0.2	-2.1	209.5
Manitoba	6,450	2.4	-2.6	4.2	3.8	9.8	6.5	0.0	-1.0	-1.3	272	0.6	7.5	-3.0	-2.6	15.9
Saskatchewan	5,230	1.2	3.4	-2.5	5.6	10.1	12.2	-3.2	-1.0	0.2	270	0.3	2.8	2.6	-6.1	13.8
Alberta	17,710	9.8	-0.8	3.8	5.4	9.9	8.8	0.0	-0.8	-2.4	283	1.7	2.4	0.4	-3.3	43.4
British Columbia	20,720	8.9	-7.6	8.0	-0.8	10.1	11.0	0.0	0.0	-3.2	296	-1.8	2.8	1.5	-4.2	54.4
Nunavut	160	6.7	N/A	N/A	N/A	9.9	6.5	N/A	N/A	N/A	357	9.1	N/A	N/A	N/A	0.5
Northwest Territories	330	17.9	-17.3	8.3	0.0	9.8	2.1	4.4	1.1	-5.7	330	-4.5	-1.3	2.4	-2.5	1.0
Yukon	240	4.3	53.3	-16.7	20.0	9.9	3.1	-3.0	8.3	2.0	345	-2.6	13.2	5.8	-11.5	1.0
Sex																
Men	13,000	44.0	8.0	9.0	-4.5	8.5	7.6	3.9	-3.9	3.4	360	-0.7	2.0	1.5	-3.0	33.4
Women	165,060	3.2	0.7	1.3	-1.9	9.9	8.8	0.0	-0.4	-3.0	292	0.5	2.6	0.8	-2.6	447.4
Age																
Under 25	27,220	13.2	-0.2	8.4	18.0	9.8	11.4	0.0	-0.5	-3.7	206	3.0	3.8	3.9	-5.2	47.6
25 and over	150,840	4.0	1.3	0.6	-4.6	9.8	7.7	0.1	-0.7	-2.4	313	1.1	2.4	1.0	-1.5	433.3
NATIONAL	178,060	5.3	1.1	1.6	-2.0	9.8	7.7	0.0	-0.7	-2.8	297	0.9	2.6	0.9	-2.7	480.8

Source: EI Administrative Data

N/A = not applicable

1. As of December 31, 2000, the number of hours required to qualify for parental benefits decreased from 700 to 600 hours. As the reporting period only covers three months of this change, results will not be fully reflected until next year.

2. Includes claims on which at least \$1 of parental benefits (biological) was paid.

3. As of December 31, 2000, the number of weeks of entitlement for parental benefits was increased from 10 to 35. As the reporting period only covers three months of this change, the increases in weeks paid will not be reflected until next year.

Parental Benefits (Adoptive)

	New Claims ²				Average Number of Weeks Paid ¹				Average Weekly Benefit				Amount Paid			
	2000/ 2001	Percentage Change			2000/ 2001	Percentage Change			2000/ 2001	Percentage Change			2000/ 2001 (\$M)	Percentage Change		
		1999/00	1998/99	1997/98	1995/96	1999/00	1998/99	1997/98	1995/96	1999/00	1998/99	1997/98	1995/96	1999/00	1998/99	1997/98
Province/Territory	2000/2001	1999/00	1998/99	1997/98	1995/96	2000/2001	1999/00	1998/99	1997/98	1995/96	2000/2001	1999/00	1998/99	1997/98	1995/96	1997/98
Newfoundland and Labrador	10	-50.0	100.0	0.0	0.0	15.0	20.0	25.0	-33.3	36.4	413	65.9	-9.8	-33.2	-7.2	0.06
Prince Edward Island	0	N/A	-100.0	-66.7	200.0	N/A	N/A	-100.0	60.8	-6.7	0	N/A	-100.0	-29.7	29.2	0.00
Nova Scotia	20	-33.3	0.0	50.0	0.0	15.0	28.2	13.6	-17.4	108.3	392	25.2	-24.2	28.1	-13.4	0.12
New Brunswick	10	-50.0	-50.0	-50.0	100.0	14.0	16.7	1.7	11.9	2.4	413	18.8	-4.5	25.4	14.3	0.06
Quebec	330	-38.9	12.5	23.1	-40.0	12.7	11.4	-9.5	9.0	3.0	311	-12.2	2.4	1.4	-3.5	1.40
Ontario	530	12.8	-20.3	37.2	19.4	13.0	8.3	6.2	-4.6	0.9	367	-3.0	6.3	-0.4	3.6	2.07
Manitoba	100	0.0	-33.3	36.4	120.0	11.6	12.6	0.0	2.4	0.9	312	-0.8	13.9	9.4	-30.0	0.35
Saskatchewan	20	-50.0	300.0	-80.0	66.7	10.0	-16.7	20.0	-9.1	0.0	299	-25.0	-3.6	60.1	-21.5	0.06
Alberta	220	22.2	-10.0	122.2	-18.2	10.7	4.9	2.0	-2.2	3.4	319	-9.4	5.8	18.0	-13.0	0.79
British Columbia	230	64.3	-41.7	84.6	-40.9	12.0	21.2	1.0	-17.9	29.8	357	12.0	-10.8	-7.3	15.2	0.88
Nunavut	20	-60.0	N/A	N/A	N/A	7.0	-14.6	N/A	N/A	N/A	413	41.1	N/A	N/A	N/A	0.11
Northwest Territories	10	0.0	-60.0	N/C	-100.0	6.0	-40.0	-13.3	N/C	-100.0	413	0.0	0.2	N/C	-100.0	0.02
Yukon	0	0.0	0.0	0.0	0.0	N/A	N/A	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A	0.00
Sex																
Men	190	0.0	-17.4	53.3	-34.8	9.7	9.0	8.5	-4.4	-11.7	373	0.0	1.4	-1.5	-3.7	0.73
Women	1,310	-7.1	-16.1	41.2	-9.8	12.6	9.6	0.0	-2.0	7.2	339	-3.1	3.5	3.1	-2.5	5.19
Age																
Under 25	30	50.0	100.0	0.0	-66.7	10.0	42.9	75.0	-60.0	0.0	190	-16.8	-44.8	105.5	-34.2	0.09
25 and over	1,470	-7.0	-16.8	42.9	-12.5	12.3	9.0	0.6	-2.9	5.6	346	-2.2	3.8	2.1	-3.1	5.83
NATIONAL	1,500	-6.3	-16.2	42.5	-13.5	12.2	8.9	0.9	-2.5	5.8	343	-2.7	3.2	2.6	-3.2	5.92

Source: EI Administrative Data

N/A = not applicable

N/C = not calculated

1. As of December 31, 2000, the number of hours required to qualify for parental benefits decreased from 700 to 600 hours. As the reporting period only covers three months of this change, results will not be fully reflected until next year.
2. Includes claims on which at least \$1 of parental benefits (adoptive) was paid.
3. As of December 31, 2000, the number of weeks of entitlement for parental benefits was increased from 10 to 35. As the reporting period only covers three months of this change, the increases in weeks paid will not be reflected until next year.

Sickness Benefits¹

Province/Territory	New Claims ²					Average Number of Weeks Paid				Average Weekly Benefit				Amount Paid							
	2000/ 2001	Percentage Change				2000/ 2001	Percentage Change				2000/ 2001	Percentage Change				2000/ 2001	Percentage Change				
		1999/00	1998/99	1997/98	1995/96		1999/00	1998/99	1997/98	1995/96		1999/00	1998/99	1997/98	1995/96		1999/00	1998/99	1997/98	1995/96	
	2000/01	1999/00	1998/99	1997/98	1995/96	2000/01	1999/00	1998/99	1997/98	1995/96	2000/01	1999/00	1998/99	1997/98	1995/96	2000/01	1999/00	1998/99	1997/98	1995/96	
Province/Territory																					
Sex																					
Age																					
NATIONAL																					

Source: El Administrative Data

N/A = not applicable

1. As of December 31, 2000, the number of hours required to qualify for sickness benefits decreased from 700 to 600 hours. As the reporting period only covers three months of this change, results will not be fully reflected until next year.

2. Includes claims on which at least \$1 of sickness benefits was paid.

Family Supplement¹

	New claims ² with Supplement	% of all claims with Supplement	Average weekly top-up (\$)	Average weekly benefit (\$)	Amount Paid (\$000)	Share of total amount paid (%)	Amount Paid			
							% Change 2000/01	% Change 1998/99	% Change 1997/98	% Change 1995/96 1997/98
Province/Territory										
Newfoundland and Labrador	8,980	10.4	42	251	10,212	6.5	-20.0	20.9	62.5	18.1
Prince Edward Island	3,150	13.0	46	238	3,329	2.1	-2.2	14.0	49.5	-7.3
Nova Scotia	9,790	11.2	44	239	8,793	5.6	-4.2	16.9	33.7	-3.7
New Brunswick	11,130	11.9	44	250	11,220	7.1	-6.2	11.2	50.6	7.9
Quebec	57,690	10.4	43	255	48,889	31.1	-2.7	13.8	35.7	-9.1
Ontario	47,050	9.9	43	259	33,961	21.6	3.9	3.5	30.8	-10.9
Manitoba	7,140	13.1	48	254	7,353	4.7	10.5	1.9	63.4	-2.1
Saskatchewan	5,750	13.5	48	257	5,206	3.3	7.2	5.1	45.3	13.7
Alberta	13,610	11.4	44	249	10,236	6.5	-2.1	7.3	41.9	-13.4
British Columbia	22,320	10.8	43	264	17,643	11.2	-3.2	6.3	41.6	18.5
Nunavut	160	13.8	54	308	136	0.1	-9.8	N/A	N/A	N/A
Northwest Territories	330	15.3	52	302	238	0.2	-37.6	10.9	54.6	84.1
Yukon	150	6.0	49	302	206	0.1	-18.8	32.1	18.7	72.8
Sex										
Men	58,060	6.1	44	300	53,079	33.7	-11.8	2.7	49.2	54.8
Women	129,190	16.2	43	235	104,343	66.3	3.3	14.8	34.3	-21.2
Age										
Under 25	26,240	11.2	38	209	17,611	11.2	2.6	13.7	52.2	-4.5
25 to 44	140,400	13.9	45	262	125,241	79.6	-2.4	10.1	39.8	-0.8
45 to 54	18,520	5.4	39	268	13,089	8.3	-8.4	5.9	31.5	-13.6
55 and over	2,090	1.2	35	272	1,481	0.9	2.0	0.4	15.2	-43.2
EI History³										
First-Time Claimants	87,040	12.8	43	239	68,508	43.5	6.6	18.8	52.1	-5.5
Occasional Claimants	61,020	11.4	44	258	51,876	33.0	-0.7	7.1	29.7	-12.0
Frequent Claimants	39,190	7.3	44	287	37,037	23.5	-17.2	2.3	38.3	12.2
NATIONAL	187,250	10.7	44	255	157,422	100.0	-2.3	10.0	39.9	-3.4

Source: EI Administrative Data

N/A = not applicable

1. Includes all claim types (regular, fishing, and special).

2. Includes claims on which at least \$1 of EI benefits was paid.

3. First-time claimants are defined as individuals who did not have a claim in the five years prior to their current claim. Occasional claimants are defined as individuals who have had fewer than three active claims in the five years prior to their current claim. Frequent claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim.

Working While on Claim¹

Province/Territory	New claims			Percentage Change			As % of new regular claims		
	1999/00 ²	1998/99	1997/98	1996/97	1998/99	1997/98	1999/00	1998/99	1997/98
					1999/00	1998/99	1999/00	1998/99	1997/98
Newfoundland and Labrador	49,730	52,020	48,360	48,540	-4.4	7.6	71.5	71.7	71.8
Prince Edward Island	12,560	13,810	13,400	12,840	-9.1	3.1	65.6	66.9	65.5
Nova Scotia	44,470	46,810	47,900	50,100	-5.0	-2.3	63.6	65.6	66.7
New Brunswick	52,980	58,790	58,820	58,610	-9.9	-0.1	66.1	70.0	70.0
Quebec	275,280	296,140	316,310	345,080	-7.0	-6.4	57.8	60.2	60.6
Ontario	140,260	173,950	183,420	209,140	-19.4	-5.2	43.2	46.7	47.4
Manitoba	17,760	20,610	20,450	22,230	-13.8	0.8	43.3	46.2	47.5
Saskatchewan	16,220	19,700	17,230	18,840	-17.7	14.3	47.2	51.4	51.4
Alberta	44,760	57,720	47,060	55,650	-22.5	22.7	46.6	49.2	49.9
British Columbia	87,270	104,780	109,120	111,220	-16.7	-4.0	53.4	55.6	56.4
Nunavut	470	N/A	N/A	N/A	N/A	N/A	52.8	N/A	N/A
Northwest Territories	1,150	1,630	1,490	1,710	-29.4	9.4	58.1	55.1	58.0
Yukon	1,180	1,350	1,630	1,500	-12.6	-17.2	51.8	53.1	55.8
Sex									
Men	440,890	518,930	525,430	548,760	-15.0	-1.2	54.1	56.7	58.1
Women	303,200	328,380	339,760	386,700	-7.7	-3.3	53.7	55.4	55.0
Age									
Under 25	93,060	107,780	108,390	122,780	-13.7	-0.6	51.8	54.1	56.2
25 to 44	427,820	499,250	524,010	573,990	-14.3	-4.7	54.9	57.4	59.4
45 to 54	163,460	177,500	175,350	177,550	-7.9	1.2	57.8	59.8	58.7
55 and over	59,750	62,780	57,440	61,140	-4.8	9.3	43.1	44.3	38.7
Benefit Levels									
Less than \$50	600	780	1,080	380	-23.1	-27.8	53.6	48.8	48.0
\$50 - \$100	12,590	15,300	22,570	24,240	-17.7	-32.2	52.0	52.0	52.8
\$101 - \$150	61,210	73,890	87,040	94,360	-17.2	-15.1	52.0	53.8	55.0
\$151 - \$200	108,030	122,810	127,900	137,020	-12.0	-4.0	52.3	53.4	54.9
Greater than \$201	561,660	634,530	626,600	679,460	-11.5	1.3	54.6	57.2	57.7
NATIONAL	744,090	847,310	865,190	935,460	-12.2	-2.1	53.9	56.2	56.8

Source: EI Administrative Data

N/A = not applicable

1. This analysis includes claimants who worked while on claim and still received some benefits for those weeks, as well as claimants who received earnings high enough to reduce their benefits to zero for some weeks.

2. Given that some claims straddle two fiscal years, the most recent year for this analysis is for claims established in 1999/00.

Benefit Repayment Provision

	People who repaid benefits					Amount Repaid			
	1999	% Change 1998-1999	% Change 1997-1998 ¹	% Change 1996-1997 ¹	1999 (\$M)	% Change 1998-1999	% Change 1997-1998 ¹	% Change 1996-1997 ¹	
Province/Territory									
Newfoundland and Labrador	5,847	73.8	57.5	-34.6	11.6	113.7	106.4	-22.8	
Prince Edward Island	876	10.9	89.4	-29.8	2.2	11.8	143.1	32.3	
Nova Scotia	7,666	57.0	77.7	4.3	16.1	88.4	143.7	-3.0	
New Brunswick	4,217	61.3	80.5	-18.2	7.1	83.7	132.3	-22.5	
Quebec	35,288	32.0	67.4	2.7	42.3	35.5	108.6	-0.4	
Ontario	45,162	3.2	41.6	0.9	50.8	33.1	47.8	11.2	
Manitoba	2,305	27.0	30.9	15.8	2.9	41.3	67.3	4.0	
Saskatchewan	3,050	46.1	29.1	22.3	3.7	67.5	79.1	1.3	
Alberta	16,262	50.5	29.6	16.3	19.7	75.5	75.8	1.8	
British Columbia	22,586	27.5	25.4	-1.7	27.0	47.3	58.9	-5.0	
Nunavut	11	N/A	N/A	N/A	0.0	N/A	N/A	N/A	
Northwest Territories	467	-4.1	30.9	-0.8	0.6	0.4	63.5	-2.4	
Yukon	405	35.0	12.8	0.0	0.6	39.1	61.0	1.3	
NATIONAL²	144,160	25.0	44.7	0.7	184.4	48.8	76.1	1.4	

Source: Benefit Repayment Administrative File (September 2001)

N/A = not applicable

1. Figures for 1996 and 1997 were revised due to updates in data files.

2. Provincial figures do not add to the national total because non-residents are included.

Claims Affected by the Intensity Rule¹

Regular and fishing claims affected by the Intensity Rule

	Number of claims affected ²				Average weekly benefit				Percentage distribution				% of regular and fishing claims			
	% Change				% Change											
	2000/ 2001	1999/00	1998/99	1997/98	2000/ 2001	1999/00	1998/99	1997/98	2000/ 2001	1999/ 2000	1998/ 1999	1997 1998	2000/ 2001	1999/ 2000	1998/ 1999	1997/ 1998
Province/Territory																
Newfoundland and Labrador	16,560	-70.1	11.4	36.5	266	-6.6	1.7	-1.4	8.3	9.1	9.3	11.4	20.2	69.0	60.2	47.8
Prince Edward Island	4,610	-69.5	0.9	31.4	267	-0.5	2.2	0.2	2.3	2.5	2.8	4.0	20.7	71.0	66.5	51.1
Nova Scotia	14,920	-65.6	10.8	52.8	291	4.3	0.6	3.6	7.4	7.1	7.3	8.0	19.8	58.8	51.8	32.8
New Brunswick	16,920	-67.8	3.8	36.3	270	-0.8	1.4	-0.6	8.4	8.7	9.5	11.7	20.6	63.5	58.7	43.2
Quebec	75,980	-66.5	12.7	58.9	283	-0.6	0.3	0.4	37.9	37.4	37.8	39.8	16.1	48.2	41.4	24.6
Ontario	34,090	-66.0	18.1	104.0	301	-3.4	1.6	1.9	17.0	16.5	15.9	13.1	9.9	31.4	23.1	11.0
Manitoba	4,670	-66.0	28.5	159.2	259	-11.2	-2.0	6.4	2.3	2.3	2.0	1.3	11.6	33.3	24.0	9.7
Saskatchewan	3,690	-67.6	24.2	199.3	286	-7.1	0.5	5.2	1.8	1.9	1.7	1.0	11.2	33.5	24.0	9.3
Alberta	8,390	-65.6	29.0	201.9	324	-0.2	-1.5	5.1	4.2	4.0	3.5	2.0	10.1	25.8	16.3	6.8
British Columbia	19,920	-67.3	18.2	107.0	311	1.4	-0.4	2.0	9.9	10.0	9.7	7.8	12.5	37.1	27.1	12.8
Nunavut	150	-46.4	N/A	N/A	324	-4.6	N/A	N/A	0.1	N/A	N/A	N/A	16.5	N/A	N/A	N/A
Northwest Territories	250	-67.5	45.8	24.1	365	7.1	0.4	1.4	0.1	0.2	0.1	0.2	15.1	35.9	24.3	23.0
Yukon	260	-79.0	12.7	66.7	311	-13.3	0.9	3.6	0.1	0.2	0.2	0.2	12.0	53.5	43.7	23.2
Sex																
Men	104,960	-74.9	11.0	65.8	323	0.4	0.4	1.4	52.4	68.9	70.7	71.3	12.3	50.4	40.5	24.8
Women	95,450	-49.3	20.6	71.0	249	10.6	5.1	4.8	47.6	31.1	29.3	28.7	17.5	33.7	26.7	15.0
Age																
Under 25	11,310	-73.3	3.6	54.5	253	-1.6	3.6	4.0	5.6	7.0	7.7	10.4	6.3	23.6	20.7	14.1
25 to 44	106,130	-68.0	11.9	65.7	295	-0.8	1.1	2.2	53.0	54.8	55.7	54.2	13.7	42.4	34.0	20.5
45 to 54	56,460	-62.5	18.4	73.6	288	-1.9	0.0	1.0	28.2	24.8	23.9	23.0	18.8	52.7	42.4	24.4
55 and over	26,510	-67.4	19.6	71.3	275	-3.8	-0.2	1.1	13.2	13.4	21.8	12.5	18.0	58.1	47.2	26.5
EI History																
Frequent claimants ³	138,410	-68.3	9.7	61.7	296	-2.3	0.5	2.1	69.1	72.0	74.7	77.3	26.5	80.1	66.1	38.6
All other claimants	62,000	-63.5	25.8	86.3	269	2.6	3.8	3.9	30.9	28.0	25.3	22.7	7.1	20.1	14.8	8.1
NATIONAL	200,410	-66.9	13.8	67.3	288	-1.4	0.9	2.0	100.0	100.0	100.0	100.0	14.3	43.7	35.2	20.9

Source: EI Administrative Data

N/A = not applicable

1. Due to the elimination of the intensity rule on October 1, 2000, savings are not reported. Please refer to previous *Monitoring and Assessment* reports for information on savings from the intensity rule.
2. The large declines in claims in 2000/01 reflect the elimination of the intensity rule on October 1, 2000.
3. Frequent claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim.

Employment Benefits and Support Measures Data Tables

- 3.1 Overview of Labour Market Development Agreements**
- 3.2 EBSM Program Definitions**
- 3.3 EBSM Client Profile**
- 3.4 Clients Served by Client Types**
- 3.5 New Interventions**
- 3.6 EBSM and Pan-Canadian Activities - Part I - Final Expenditures**
- 3.7 EBSM Part II - Final Expenditures**
- 3.8 EI Part II Pan-Canadian - Final Expenditures**
- 3.9 Returns to Employment and Unpaid Benefits Indicators**
- 3.10 EBSM Designated Member - Women**
- 3.11 EBSM Designated Member - Persons with Disabilities**
- 3.12 EBSM Designated Member - Aboriginal Peoples**
- 3.13 EBSM Designated Member - Visible Minorities**

Overview of Labour Market Development Agreements

Federal/Provincial/Territorial

Province/Territory	Type of Agreement ¹	Signature Date	Implementation Date	Allocation (\$000) ²		
				2001/2002	2000/2001	1999/2000
Newfoundland and Labrador	Co-management	March 24, 1997	March 24, 1997	127,551	126,151	116,160
Prince Edward Island	Co-management	April 26, 1997	April 26, 1997	25,138	24,516	22,788
Nova Scotia	Co-management (Strategic Partnership)	April 24, 1997	November 1, 1997	80,205	79,916	75,830
New Brunswick	Transfer	December 13, 1996	April 1, 1997	90,425	89,991	83,956
Quebec	Transfer	April 1, 1997 November 28, 1997	April 1, 1998	595,741	594,424	561,145
Ontario	No agreement concluded	N/A	N/A	531,255	537,695	520,000
Manitoba	Transfer	April 17, 1997	November 27, 1997	49,521	49,867	49,351
Saskatchewan	Transfer	February 6, 1998	January 1, 1999	38,857	38,488	37,133
Alberta	Transfer	December 6, 1996	November 1, 1997	112,819	112,661	109,221
British Columbia	Co-management	April 25, 1997	April 25, 1997	288,999	287,023	266,014
Northwest Territories	Transfer	February 27, 1998	October 1, 1998	3,448	3,267	4,812
Yukon	Co-management	January 24, 1998	February 1998	4,051	3,993	3,535
Nunavut	Transfer	May 11, 2000	Effective April 1, 2000	2,091	2,008	Included in NWT
Canada				1,950,081	1,950,000	1,849,945

1. Provinces or territories with transfer agreements assume responsibility for the design and delivery of active employment measures funded through the EI program. Transfer agreements also include functions of the National Employment Service that may differ from one agreement to the next. In co-management agreements the Government of Canada and each provincial/territorial government jointly assume responsibility for the planning, design, and evaluation of active employment measures, while HRDC continues to deliver programs and services through its service delivery network.

2. Funds transferred to cover administration costs are not included.

Employment Benefits and Support Measures Program Definitions

Employment Benefits

Targeted Wage Subsidies assist eligible unemployed individuals in obtaining on-the-job work experience by providing employers with financial assistance towards the wages of insured participants that they hire. This benefit encourages employers to hire unemployed individuals that they would not normally hire in the absence of a subsidy.

Targeted Earnings Supplements enable some people currently on EI or the longer term unemployed to accept low-wage jobs. Temporarily topping up low-wage jobs means that people who would not enter at the lower wage rate are able to re-enter the workforce. (The Supplément de retour au travail in Quebec is the only program currently in place that is similar to this program.)

Self-Employment provides financial assistance and business planning advice to EI-eligible participants to help them start their own business. This financial assistance is intended to cover personal living expenses and other expenses during the initial stages of the business.

Job Creation Partnerships projects provide insured participants with opportunities to gain work experience that will lead to ongoing employment. Activities of the project help develop the community and the local economy.

Skills Development provides direct financial assistance to insured participants to enable them to select, arrange for and pay for their own employment training.

Support Measures

Employment Assistance Services (which includes Employment Assistance Services interventions, Employment Group Services and Individual Counselling) provide funding to organizations to enable them to provide employment services to unemployed persons. These services may include counselling, action planning, job search skills, job finding clubs, job placement services, the provision of labour market information and case management and follow up.

Labour Market Partnerships provide funding to assist employers, employee and/or employer associations and communities in improving their capacity for dealing with human resource requirements and to implement labour force adjustments. It involves the development of plans and strategies and the implementation of adjustment measures.

Research and Innovation supports activities that identify better ways of helping people prepare for or keep employment and be productive participants in the labour force. Funds are provided to eligible recipients to enable them to carry out demonstration projects and research for this purpose.

EBSM Client Profile

2000/2001

Clients Served (%)**Gender**

Men	55.9%
Women	44.1%

Age

Missing	1.1%
15 to 19	4.6%
20 to 24	16.5%
25 to 29	15.5%
30 to 44	41.0%
45+	21.3%

EI Clients Served

Active Claimants	78.2%
Former Claimants	21.8%

Client to Participant Ratio

Clients	457,839
Interventions	619,402
Ratio	1.35

Participation in interventions as a % of a total*

Targeted Wage Subsidies	4.8%
Self-Employment	1.8%
Job Creation Partnerships	1.8%
Skills Development	21.1%
Employment Assistance	47.6%
Group Services	9.6%
Individual Counselling	10.2%
Supplément de retour au travail	1.2%
Pan-Canadian	2.0%
Total	100.0%

* Please note that Group Services only include active claimants and do not include EGS interventions where another intervention was recorded. As a result of this, EGS interventions are underreported.

Designated Group**Intervention Participation Rate**

Women	45.5%
Aboriginal People	7.1%
Persons with Disabilities	3.7%
Visible Minorities	5.2%

Clients Served by Client Types¹

2000/2001

	EI Clients					Non-Insured ²	Total	Clients Served	Total
	EI Active Claimants		Former Claimants		Total				
	Target ³	Clients Served ⁴	Clients Served						
Newfoundland and Labrador	11,768	9,800	3,558	13,358	794	14,152			
Prince Edward Island	3,000	2,663	368	3,031	233	3,264			
Nova Scotia	8,200	8,036	1,912	9,948	1,234	11,182			
New Brunswick	65%	10,858	4,348	15,206	1,228	16,434			
Quebec ⁵	105,900	*118,127	29,204	118,127	8,798	126,925			
Ontario	N/A	81,542	9,482	91,024	14,418	105,442			
Manitoba	65%	13,433	4,023	17,456	9,572	27,028			
Saskatchewan ⁶	5,525	4,779	1,987	6,766	791	7,557			
Alberta	13,500	31,643	12,618	44,261	37,132	81,393			
British Columbia	N/A	33,785	12,080	45,865	17,441	63,306			
Northwest Territories	352	300	87	387	109	496			
Yukon	759	364	77	441	156	597			
Nunavut	197	58	3	61	2	63			
Canada	N/A	286,184	79,747	365,931	91,908	457,839			

Source: Client Data Set

N/A = not applicable

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions.

2. As a result of the administrative process and systems calculation related to the determination of client eligibility, non-insured clients may be overreported. Non-insured numbers reported here are indicative of non-insured clients served under Support Measures. They do not reflect all of the non-insured clients served by a province/territory.

3. Please note that targets for EI active claimants were set with the understanding that client counts would be derived from the client and pay systems. Following changes in methodology, the pay systems were not used for the production of 2000/01 data. This means that targets are overstated by approximately 5%.

4. Active EI clients served is a success indicator that refers to the number of current Part I claimants accessing EBSMs.

5. Quebec's LMMA has a commitment in terms of EI clients served (100,000), with a focus on active claimants. Client counts for Quebec are underreported by 575 as a result of a data transmission problem with two Aboriginal Human Resources Development Agreement holders. These will be reported in the 2001/02 data.

6. As a result of data exchange issues, client information for Saskatchewan is understated.

* To provide a comparison against the target, this number represents total clients served. The active EI client count was 88,923.

New Interventions¹

2000/2001

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask. ²	Alta.	B.C.	N.W.T. ³	Yuk.	Nunavut ⁴	Canada
Long-Term Interventions⁵														
Targeted Wage Subsidies	739	378	679	4,099	15,195	4,905	339	986	506	1,809	31	5	0	29,671
Self-Employment	221	75	494	54	3,956	3,075	232	178	1,001	1,933	19	6	0	11,244
Job Creation Partnerships	3,838	103	669	2,696	N/A	1,111	326	0	1,605	747	3	29	0	11,127
Skills Development	6,838	1,859	4,901	6,910	45,387	23,164	4,194	3,593	15,211	18,073	209	218	44	130,601
Total LT Interventions	11,636	2,415	6,743	13,759	64,538	32,255	5,091	4,757	18,323	22,562	262	258	44	182,643
Short-Term Interventions														
Employment Assistance ⁶	396	426	4,216	3,767	42,033	50,542	17,739	1,588	112,621	61,152	18	272	0	294,770
Group Services ⁷	575	71	1,126	24	19,153	34,798	232	1,236	0	2,188	0	5	0	59,408
Individual Counselling	6,035	1,600	2,493	7,429	22,369	11,496	10,194	0	0	1,343	0	2	0	62,961
Supplément de retour au travail ⁸	N/A	N/A	N/A	N/A	7,248	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7,248
Total ST Interventions	7,006	2,097	7,835	11,220	90,803	96,836	28,165	2,824	112,621	64,683	18	279	0	424,387
Total ST Interventions - Without Group Services	6,431	2,026	6,709	11,196	71,650	62,038	27,933	1,588	112,621	62,495	18	274	0	364,979
Pan-Canadian⁹	357	2	116	126	140	3,308	2,781	1,325	1,110	2,626	281	181	19	12,372
Grand Total - EBSM	18,999	4,514	14,694	25,105	155,481	132,399	36,037	8,906	132,054	89,871	561	718	63	619,402
Grand Total - Without Group Services	18,424	4,443	13,568	25,081	136,328	97,601	35,805	7,670	132,054	87,683	561	713	63	559,994

Source: Client Data Set

N/A = not applicable

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions. Interventions refer to new start participants between April 1, 2000 and March 31, 2001.
2. As a result of data exchange issues, intervention data for Saskatchewan is understated.
3. As a result of data exchange issues, Individual Counselling interventions are underreported.
4. As a result of the recent signing of the LMCA with Nunavut, intervention data exchange between the territory and HRDC is incomplete (with the exception of apprentices in Skills Development).
5. Self-Employment, Job Creation Partnerships, Skills Development and Pan-Canadian activities have reduced intervention counts when compared to previous M&A reports.
6. Employment Assistance Services (EAS) is tracked differently across jurisdictions. In some instances intervention data is not captured in a manner that is consistent with the methodology used at National Headquarters for counting interventions. This results in inaccurate intervention counts for EAS interventions.
7. Interventions are recorded for active claimants only. Also, Employment Group Services interventions are only counted if no other intervention is recorded. As a result, Group Services interventions are underestimated.
8. Available only in Quebec.
9. Aboriginal Human Resources Development Strategy is included with Pan-Canadian for this table. As a result of a data transmission problem with two Aboriginal Human Resources Development Agreement holders in Quebec, interventions for Quebec are underestimated by 658. These will be included in 2001/02 data.

EBSM and Pan-Canadian Activities - Part I - Final Expenditures¹

In (\$000)/By Intervention - 2000/2001

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Yuk.	Nunavut	Canada
Self-Employment	997	434	2,646	1,860	11,193	13,634	1,878	993	5,150	6,499	420	166	48	45,918
Job Creation Partnerships ²	3,299	153	1,489	35	785	3,466	2,351	0	0	1,618	0	86	0	13,282
Skills Development	19,534	7,485	15,818	22,983	96,259	67,272	16,833	12,374	41,047	36,429	1,287	879	417	338,617
Total	23,830	8,072	19,953	24,878	108,237	84,372	21,062	13,367	46,197	44,546	1,707	1,131	465	397,817

Source: Corporate Management System

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions.

2. In Quebec, this amount refers only to Pan-Canadian activities.

EBSM Part II - Final Expenditures¹

In (\$000)/By Intervention - 2000/2001

	Nfld.	P.E.I.	N.S.	N.B.	Que. ²	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T. ³	Yuk.	Nunavut ⁴	NHQ	Canada
Long-Term Interventions															
Targeted Wage Subsidies	4,442	3,021	2,382	13,425	66,148	19,603	2,151	6,053	2,212	8,908	410	56	NC	0	128,811
Self-Employment	3,196	902	5,512	3,483	25,512	41,701	3,324	581	5,623	24,934	308	628	NC	0	115,704
Job Creation Partnerships	20,037	480	5,847	14,401	N/A	17,694	6,095	0	7,805	8,553	0	115	NC	0	81,027
Skills Development	69,834	12,781	39,670	42,536	298,690	123,153	22,013	24,747	63,701	110,544	1,368	1,510	NC	0	810,547
Total LT Interventions	97,509	17,184	53,411	73,845	390,350	202,151	33,583	31,381	79,341	152,939	2,086	2,309	NC	0	1,136,089
Short-Term Interventions															
Employment Assistance	9,000	1,553	10,606	10,301	88,205	140,980	9,936	492	31,601	92,256	521	1,267	NC	0	396,718
Supplément de retour au travail	0	0	0	0	3,248	0	0	0	0	0	0	0	NC	0	3,248
Total ST Interventions	9,000	1,553	10,606	10,301	91,453	140,980	9,936	492	31,601	92,256	521	1,267	NC	0	399,966
Other															
Labour Market Partnerships	14,151	5,263	11,543	1,435	112,621	38,284	5,074	5,946	1,741	8,271	630	69	NC	0	205,028
Research & Innovation	0	0	0	4,413	0	0	1,282	669	0	0	0	0	NC	0	6,364
Adjustment to Balance ⁵	(392)	(168)	(319)	100	571	(1,489)	(210)	(26)	(7)	(217)	194	(982)	2,008	635	(302)
Total Other	13,759	5,095	11,224	5,948	113,192	36,795	6,146	6,589	1,734	8,054	824	(913)	2,008	635	211,090
TOTAL Part II - Regular	120,268	23,832	75,241	90,094	594,995	379,926	49,665	38,462	112,676	253,249	3,431	2,663	2,008	635	1,747,145
Pan-Canadian (See details Annex 3.8)	5,063	493	7,405	2,107	13,892	35,873	12,460	11,513	11,848	16,214	2,824	1,248	2,330	68,437	191,707
Total including Pan-Canadian	125,331	24,325	82,646	92,201	608,887	415,799	62,125	49,975	124,524	269,463	6,255	3,911	4,338	69,072	1,938,852
Administrative costs related to LMAs⁶ (Transfer regions only)					57,577		5,785	7,809	12,670		1,393		987		95,068

Source: Corporate Management System and Provincial Audited Statements

N/A = not applicable

NC = not calculated

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions.

2. An expenditure of \$20.1M for Labour Market Partnerships is under review.

3. Data is based on an unaudited statement.

4. Nunavut was unable to provide a financial statement in time for inclusion in this report.

5. Adjustment to reflect future recoveries of overpayments, discrepancies due to multiple systems connectivity and expenditures made on behalf of provinces/territories until full implementation of their Labour Market Development Agreement (LMDA).

6. Administration costs include \$86,184 (Salary & Non-Salary) to administer Labour Market Agreements, \$5,180 (agreement to develop provincial capacity required for LMMA implementation) and \$3,704 for rent.

El Part II Pan-Canadian - Final Expenditures¹

In (\$000)/By Intervention - 2000/2001

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Yuk.	Nunavut	NHQ	Canada
Aboriginal Human Resources Development Strategy	1,890	254	1,950	1,348	7,073	32,019	11,384	11,049	11,420	14,263	2,613	1,002	2,330	1,563	100,158
EBSM															
Targeted Wage Subsidies	57	0	37	136	134	0	0	0	0	2	0	0	0	0	366
Self-Employment	51	6	21	0	13	2	0	0	0	41	0	0	0	0	134
Job Creation Partnerships ²	658	0	378	0	8	12	7	0	0	71	0	0	0	0	1,134
Skills Development	536	10	695	16	607	0	0	0	0	20	0	0	0	0	1,884
Employment Assistance	515	0	1,176	42	185	0	0	0	0	666	0	0	0	1,439	4,023
Total EBSM	1,817	16	2,307	194	947	14	7	0	0	800	0	0	0	1,439	7,541
Other															
Local Labour Market Board	1,161	223	2,372	502	2,661	3,032	1,007	464	229	1,065	205	246	0	500	13,667
Ntl. Labour Market Partnership	195	0	776	1	755	808	0	0	199	24	6	0	0	51,916	54,680
Research and Innovation	0	0	0	62	0	0	59	0	0	62	0	0	0	12,989	13,172
Others ³	0	0	0	0	2,456	0	3	0	0	0	0	0	0	30	2,489
Total Other	1,356	223	3,148	565	5,872	3,840	1,069	464	428	1,151	211	246	0	65,435	84,008
Grand Total	5,063	493	7,405	2,107	13,892	35,873	12,460	11,513	11,848	16,214	2,824	1,248	2,330	68,437	191,707

Source: Corporate Management System.

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions.

2. In Quebec, this amount refers only to Pan-Canadian activities.

3. Others include Cree Regional Authority (\$ 531M), Kativik Regional Government (\$1.316M) and Special Projects (\$ 642M).

Returns to Employment & Unpaid Benefits Indicators¹

2000/2001

	Clients who returned to employment ²				Unpaid Benefits (\$M) ²				Results vs. Targets (%)	
	Targets ³	Results			Results vs. Targets (%)	Targets ³	Results			
		Apprentices	Group Services	Total			Apprentices	Group Services		Total
Newfoundland and Labrador Prince Edward Island Nova Scotia New Brunswick Quebec Ontario Manitoba Saskatchewan ⁴ Alberta ⁵ British Columbia Northwest Territories ⁵ Yukon Nunavut ⁵ National Headquarters	8,372	440	77	6,532	78.02	15.12	3.17	0.37	13.87	91.73
	2,805	68	32	2,480	88.41	4.75	0.58	0.15	5.29	111.37
	8,287	560	221	8,172	98.61	23.43	4.50	1.06	16.43	70.12
	11,701	742	50	8,261	70.60	12.84	5.29	0.22	20.13	156.78
	51,315	N/A	2,924	60,986	118.85	162.35	0.00	16.95	175.87	108.33
	61,000	6,561	15,479	58,117	95.27	225.00	49.84	94.77	242.40	107.73
	11,000	1,403	245	9,294	84.49	25.50	9.79	1.36	26.58	104.24
	5,500	1,708	378	3,066	55.75	17.00	12.74	1.79	16.83	99.00
	22,500	8,465	0	21,339	94.84	110.00	68.00	0.00	117.43	106.75
	27,292	4,415	650	27,337	100.16	120.22	35.41	4.65	93.45	77.73
	318	10	0	185	58.18	1.35	0.13	0.00	1.02	75.56
	318	42	1	219	68.87	1.75	0.40	0.00	1.09	62.29
	146	N/C	N/C	N/C	N/A	0.62	N/C	N/C	N/C	N/A
	0	0	1	16	N/A	0.00	0.00	0.00	0.00	N/A
	Canada	210,554	24,414	20,058	206,004	97.84	719.93	189.85	121.33	730.41

Source: Results Data Set

N/A = not applicable

N/C = not calculated

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions.

2. In addition to the returns to work in this table, there were an additional 4,651 returns to work and \$8.8 million in unpaid benefits following Aboriginal EBSM interventions. A further 330 returns to work and \$533,914 in unpaid benefits attributable to AHRDA holders occurred in 2000/01, but were received late because of a transmission problem. These will be reported in the 2001/02 data.

3. Target does not include Aboriginal Human Resources Development Agreements. Targets vary depending on the type of LMDA, the date of implementation, and the circumstances around implementation. In addition, three different methodologies are available for setting targets. These differences account for the variations seen when comparing actual results to those that were forecasted.

4. As a result of data exchange issues, results for Saskatchewan are understated.

5. As a result of data exchange issues, some returns to work and unpaid benefits attributable to Apprentices for the Northwest Territories and Nunavut have been included with those of Alberta. This means returns to employment and unpaid benefits for Alberta are slightly overstated for Alberta and understated for Nunavut and the Northwest Territories.

EBSM Designated Member - Women¹

New Starts by Intervention (%) - 2000/2001

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask. ²	Alta.	B.C.	N.W.T.	Yuk.	Nunavut ³	Canada
Long-Term Interventions														
Targeted Wage Subsidies	49.0	34.7	42.7	46.7	48.4	45.5	43.7	36.6	50.0	43.9	25.8	0.0	N/C	46.7
Self-Employment	48.0	37.3	41.9	46.3	38.2	48.0	41.8	35.4	45.3	45.5	31.6	33.3	N/C	43.2
Job Creation Partnerships	34.7	48.5	37.5	70.6	N/A	52.9	25.5	0.0	60.6	42.7	100.0	34.5	N/C	49.5
Skills Development	29.4	43.4	31.7	56.8	46.9	29.0	24.4	2.8	16.8	31.4	10.0	28.0	N/C	35.0
Total LT Interventions	32.7	42.0	34.1	56.4	46.7	34.2	26.6	11.1	23.1	34.0	14.5	28.3	N/C	38.3
Short-Term Interventions														
Employment Assistance	48.0	63.8	61.6	62.9	50.6	52.4	51.0	45.2	48.1	49.8	44.4	47.1	N/C	50.1
Individual Counselling	39.7	51.6	41.8	52.4	43.1	48.3	43.1	0.0	0.0	45.9	0.0	0.0	N/C	45.0
Supplément de retour au travail ⁴	N/A	N/A	N/A	N/A	37.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	37.5
Total ST Interventions	40.2	54.2	54.3	55.9	46.9	51.6	48.1	45.2	48.1	49.7	44.4	46.7	N/C	49.0
Pan-Canadian⁵	35.9	0.0	36.2	40.5	60.7	47.4	49.8	51.8	49.6	42.5	46.3	30.4	57.9	47.0
Grand Total - EBSM	35.4	47.6	44.1	56.1	46.9	45.7	45.2	25.2	44.6	45.5	31.4	35.9	N/C	45.5

Source: Client Data Set

N/A = not applicable

N/C = not calculated

Participants: Active/Former Claimants/Non-insured

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions.

2. As a result of data exchange issues the participation of women in EBSMs is understated.

3. As a result of the recent signing of the LMMA with Nunavut, intervention data are incomplete for EBSMs.

4. Available only in Quebec.

5. Pan-Canadian includes Fisheries Restructuring and Adjustment Measures and Aboriginal Human Resources Development Strategy.

EBSM Designated Member - Persons with Disabilities'

New Starts by Intervention (%) - 2000/2001

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Yuk.	Nunavut ²	Canada
Long-Term Interventions														
Targeted Wage Subsidies	3.1	0.8	6.6	1.1	2.4	1.7	7.1	7.6	7.1	3.8	3.2	0.0	N/C	2.6
Self-Employment	0.9	0.0	3.0	1.9	1.8	1.8	2.6	5.6	3.1	2.9	5.3	0.0	N/C	2.2
Job Creation Partnerships	1.0	1.9	4.8	4.8	N/A	2.2	5.2	0.0	14.9	1.1	0.0	0.0	N/C	4.4
Skills Development	4.2	5.4	3.9	0.7	1.9	1.0	2.1	0.8	2.9	2.9	0.5	1.8	N/C	2.1
Total LT Interventions	3.0	4.4	4.2	1.6	2.0	1.2	2.7	2.4	4.0	3.0	1.1	1.6	N/C	2.4
Short-Term Interventions														
Employment Assistance	5.1	27.0	11.2	1.7	4.3	3.6	4.6	14.6	4.0	5.6	5.6	8.5	N/C	4.5
Individual Counselling	14.9	9.9	9.0	1.1	1.6	2.6	4.1	0.0	0.0	10.8	0.0	0.0	N/C	4.1
Supplément de retour au travail ³	N/A	N/A	N/A	N/A	2.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.8
Total ST Interventions	14.3	13.5	10.4	1.3	3.3	3.4	4.4	14.6	4.0	5.7	5.6	8.4	N/C	4.4
Pan-Canadian⁴	3.9	0.0	9.5	0.8	0.0	2.0	2.2	2.9	4.6	2.7	1.8	1.7	0.0	2.6
Grand Total - EBSM	7.0	8.6	7.3	1.5	2.7	2.6	4.0	5.0	4.0	4.9	1.6	4.2	N/C	3.7

Source: Client Data Set

N/A = not applicable

N/C = not calculated

Participants: Active/Former Claimants/Non-insured

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions.

2. As a result of the recent signing of the LMMA with Nunavut, intervention data are incomplete for EBSMs.

3. Available only in Quebec.

4. Pan-Canadian includes Fisheries Restructuring and Adjustment Measures and Aboriginal Human Resources Development Strategy.

EBSM Designated Member - Aboriginal Peoples'

New Starts by Intervention (%) - 2000/2001

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Yuk.	Nunavut ²	Canada
Long-Term Interventions														
Targeted Wage Subsidies	2.8	0.0	0.1	3.4	1.7	0.7	20.6	34.1	5.7	2.0	54.8	20.0	N/C	3.2
Self-Employment	1.8	0.0	0.6	0.0	1.8	1.3	22.0	16.3	5.1	2.4	47.4	0.0	N/C	2.7
Job Creation Partnerships	2.0	0.0	6.4	1.5	N/A	3.1	39.0	0.0	12.1	5.5	33.3	6.9	N/C	4.7
Skills Development	4.1	0.9	0.7	1.0	1.4	0.6	23.9	7.6	2.0	3.3	30.6	5.5	N/C	2.7
Total LT Interventions	3.3	0.7	0.6	1.8	1.5	0.8	24.6	13.4	3.2	3.2	34.7	5.8	N/C	2.9
Short-Term Interventions														
Employment Assistance	1.5	0.9	0.9	0.5	1.1	1.0	15.4	30.7	10.9	3.1	61.1	16.9	N/C	6.3
Individual Counselling	5.0	0.6	0.6	1.0	1.2	0.5	34.3	0.0	0.0	1.9	0.0	0.0	N/C	6.8
Supplément de retour au travail ³	N/A	N/A	N/A	N/A	1.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.0
Total ST Interventions	4.8	0.7	0.8	0.9	1.1	1.0	22.3	30.7	10.9	3.0	61.1	16.8	N/C	6.3
Pan-Canadian⁴	52.1	0.0	50.0	92.1	42.1	99.6	100.0	99.8	99.8	95.2	100.0	100.0	100.0	96.2
Grand Total - EBSM	4.8	0.7	1.1	1.8	1.4	4.2	28.7	31.9	10.6	5.8	68.3	33.9	N/C	7.1

Source: Client Data Set

N/A = not applicable

N/C = not calculated

Participants: Active/Former Claimants/Non-insured

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions.

2. As a result of the recent signing of the LMMA with Nunavut, intervention data are incomplete for EBSMs.

3. Available only in Quebec.

4. Pan-Canadian includes Fisheries Restructuring and Adjustment Measures and Aboriginal Human Resources Development Strategy.

EBSM Designated Member - Visible Minorities¹

New Starts by Intervention (%) - 2000/2001

	Nfld.	P.E.I.	N.S.	N.B.	Que. ²	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Yuk.	Nunavut ³	Canada
Long-Term Interventions														
Targeted Wage Subsidies	0.0	0.0	1.9	0.2	N/C	3.3	7.4	3.9	9.3	10.6	3.2	0.0	N/C	1.7
Self-Employment	0.0	0.0	0.6	0.0	N/C	8.3	5.2	5.1	4.7	4.5	10.5	0.0	N/C	3.7
Job Creation Partnerships	0.1	2.9	3.9	0.7	N/C	2.3	8.0	0.0	9.2	3.2	0.0	0.0	N/C	2.5
Skills Development	0.5	0.7	1.7	0.2	N/C	3.8	8.3	2.9	5.7	5.0	13.9	1.4	N/C	2.5
Total LT Interventions	0.3	0.7	1.9	0.3	N/C	4.1	8.1	3.2	6.1	5.4	12.2	1.2	N/C	2.5
Short-Term Interventions														
Employment Assistance	0.3	2.3	4.7	0.3	N/C	7.2	13.4	5.8	8.1	11.8	16.7	5.1	N/C	7.7
Individual Counselling	0.2	1.4	1.8	0.1	N/C	3.1	9.7	0.0	0.0	7.1	0.0	50.0	N/C	2.4
Supplément de retour au travail ⁴	N/A	N/A	N/A	N/A	N/C	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total ST Interventions	0.2	1.6	3.7	0.2	N/C	6.5	12.1	5.8	8.1	11.7	16.7	5.5	N/C	6.6
Pan-Canadian⁵	0.3	0.0	7.8	4.0	27.9	4.6	2.0	0.9	1.5	4.5	0.7	0.6	5.3	3.3
Grand Total - EBSM	0.3	1.1	2.8	0.3	N/C	5.6	10.7	3.3	7.7	9.9	6.6	2.7	N/C	5.2

Source: Client Data Set

N/A = not applicable

N/C = not calculated

Participants: Active/Former Claimants/Non-insured

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions.

2. Data unavailable in provincial management system.

3. As a result of the recent signing of the LMMA with Nunavut, intervention data are incomplete for EBSMs.

4. Available only in Quebec.

5. Pan-Canadian includes Fisheries Restructuring and Adjustment Measures and Aboriginal Human Resources Development Strategy.

Community Profiles^{1,2}

1. Atlantic Communities

Clareville

Clareville is a major regional centre serving the eastern coast of Newfoundland. Highly reliant on the fishing industry, Clareville has been experiencing net out-migration, with its population falling by about 1% annually since 1994.

The unemployment rate in Clareville increased by 0.4 percentage points over 1999/00 to 21.0%, over three times the national unemployment rate of 6.9%. Despite a high unemployment rate, spin-off growth from oil development and some recovery in the fishing industry led to a slight improvement in EI indicators in 2000/01. Regular and fishing claims remained relatively stable (-0.3%) at 6,280 and average weekly benefits rose by 7.6% to \$289, reflecting increases in earnings and the elimination of the intensity rule. In addition, average weeks on claim declined from 28 to 25 weeks. On average, the proportion of entitlement used by claimants before returning to work decreased from 76.7% to 69.79%. Nonetheless, about 61.6% of beneficiaries were frequent claimants, up from 57.9%, over the previous reporting period.

Clareville is a community that is highly reliant on EI to stabilize incomes. In 1999, 60% of those with wages also received some EI benefits, more than three times the national average of 19.4%. Moreover, benefits represented one in five dollars of employment earnings, about 10 times the national average of 2.2%.

Prince Edward Island

A large part of Prince Edward Island's (PEI) economic base consists of highly seasonal activities, especially in the tourism, agriculture and fishing industries. In addition, a significant proportion of the PEI labour force (37%) has not completed high school, well above the national average of 30%.

The unemployment rate in PEI was 12.0% in 2000/01, down 1.8 percentage points from 1999/00. Despite improved labour market conditions and unemployment at its lowest level in two decades, regular and fishing claims increased by 4.5% to 22,245, as a result of an increase in the size of the labour force in 2000/01. Frequent claimants comprised 66% of beneficiaries, about the same proportion as in 1999/00. However, average weeks on claim declined from 22 weeks to 21 weeks and the percentage of EI entitlement used fell from 74.1% to 71.4%, reflecting the ability of claimants to find work more quickly. Average weekly benefits increased by 6.2% to \$274, reflecting a higher value of fish resources harvested and the elimination of the intensity rule.

As a result of its seasonal economy, PEI is highly reliant on EI. In 1999, 39% of persons with wages also received some EI benefits. Moreover, benefits represented close to 10% of total employment income, four times the national average.

¹ The unemployment rates provided represent the unemployment rates for the EI region where the community is located and, therefore, may vary slightly from the unemployment rate in the community. Employment Insurance (EI) figures are for fiscal year 2000/01. Income statistics are reported by the Canada Customs and Revenue Agency (CCRA) for calendar year 1999. Figures related to educational attainment are obtained from 1996 Census data.

² EI claims and benefits figures are for regular and fishing claims only. Special benefits are not included.

Truro

Truro is a regional centre located at the head of the Bay of Fundy. A significant part of Truro's economic base consists of activities in manufacturing and tourism, with some dependence on the fishery. The proportion of the labour force that has not completed high school (38%) is well above the national average of 30%.

Truro's unemployment rate was 9.8% in 2000/01, down 0.8 percentage points from 1999/00. However, regular and fishing claims increased 4.5% from 4,440 in 1999/00 to 4,640 in 2000/01, perhaps more as a result of job transition than job loss. Despite its relatively high unemployment rate, the fairly positive economic conditions of the last two years translated into a lower proportion of EI entitlement used (63.0% down from 68.9% in 1999/00). In addition, average weeks spent on claim fell from 22 to 20 weeks in 2000/01. Moreover, the proportion of frequent claimants fell to 45.7% from 48.6% in the previous period.

EI plays a significant role in Truro's economy. In 1999, 23% of persons with wages also received some EI benefits. Moreover, benefits represented close to 4% of total employment income, nearly double the national average.

Miramichi

Miramichi is situated within Northumberland County in the northeastern part of New Brunswick. Employment is highly seasonal, with fishing, forestry and tourism constituting the major economic activities.

The unemployment rate in Miramichi increased by 1.4 percentage points over the previous reporting period to 15.3% more than double the national average of 6.9%. Moreover, due to the highly seasonal nature of the economy, most EI claimants were frequent claimants (62.5%). Regular and fishing claims increased 1.2% to 4,210 in 2000/01. However, EI entitlement used fell from 75.4% to 68.7% over the reporting period. While this is partially due to an increase in entitlement of 2.4 weeks, average weeks on claim also decreased from 26 to 25 weeks, indicating that claimants were able to find jobs more quickly. Average weekly benefits increased by 7.5% to \$291, reflecting the elimination of the intensity rule and increased earnings.

EI plays a major income stabilization role in Miramichi. In 1999, 38% of persons with wages also received some benefits and EI benefits represented about 8% of total employment income, nearly four times the national average.

Table 1

Atlantic Communities

Community	U Rate*		VER** Hours		Entitlement (Weeks)		Duration***		Benefits (Weekly)		% Female	% Frequent
	00/01	△	00/01	99/00	00/01	%△	00/01	%△	00/01	%△	00/01	00/01
Clarenville	21.0%	0.4	420	420	37.2	0.3	69.7%	-9.1	\$289	7.6	37.1	61.6
PEI	12.0%	-1.8	473	426	32.6	-6.4	71.4%	-3.6	\$274	6.2	39.1	65.9
Truro	9.8%	-0.8	554	519	33.8	4.0	63.0%	-8.6	\$268	3.6	37.3	45.7
Miramichi	15.3%	1.4	420	426	37.5	6.8	68.7%	-8.9	\$291	7.5	38.0	62.5

△ = Change

* Average annual unemployment rate

** Variable Entrance Requirement in average hours of insurable employment

*** Duration actually spent on claim expressed as a percentage of entitlement

2. Quebec Communities

Repentigny

The community of Repentigny is located east of Montreal on the north shore of the St. Lawrence River. A significant proportion of jobs are in manufacturing. However there is a strong but slowly declining dependence on forestry and related industries. The workforce is characterized by a relatively low level of education, with 35% of the labour force not having completed high school, well above the national average of 30%.

The unemployment rate in Repentigny declined by 0.6 percentage points to 8.7% in 2000/01. Improved labour market conditions led to a decline of 4.8% in regular and fishing claims, from 18,560 in 1999/00 to 17,660 in 2000/01. Similarly, the number of frequent claimants declined by 11.8%, from 8,070 to 7,120. Average weeks spent on claim also declined from 20 to 18 weeks and EI entitlement used fell from 63.3% to 58.4%. Average weekly EI benefits increased by 3% to \$283, reflecting higher average weekly earnings.

EI plays a significant role in Repentigny, with 21% of persons with wages also receiving some EI benefits in 1999 and EI benefits representing 3.2% of total employment income, compared to the national average of 2.2%.

Montreal Centre East

Montreal Centre East is a largely Francophone community, with one in three residents over the age of 55. Employment is concentrated in clerical occupations, retail trade and manufacturing, all spin-off industries supporting downtown businesses and a large nearby industrial complex. The community's long-term prospects are dependent on growth in the high-tech, business services and tourism sectors.

The unemployment rate in Montreal Centre East fell by 0.7 percentage points to 7.8% in 2000/01. EI regular claims increased by 10.3% to 8,710, likely reflecting transitive unemployment among a recent surge of younger, new labour force entrants moving into the area. As a result, the proportion of beneficiaries who were frequent claimants fell to 22.0%, from 26.5% in 1999/00. Claimants found work more quickly for the third consecutive year, as average weeks on claim fell to 18 weeks from 22 weeks in the previous year and the percent of entitlement used fell from 69.2% to 63.1%, over the same period. Average weekly benefits increased by 4.8% in the community, from \$267 to \$279 per week, reflecting higher average weekly earnings.

EI plays a moderate income stabilization role in Montreal Centre East, with 17.8% of persons with wages also receiving EI in 1999. Benefits represented 2.8% of employment income, slightly above the national average of 2.2%.

Table 2

Quebec Communities

Community	U Rate*		VER** Hours		Entitlement (Weeks)		Duration***		Benefits (Weekly)		% Female	% Frequent
	00/01	△	00/01	99/00	00/01	% △	00/01	% △	00/01	% △	00/01	00/01
Repentigny	8.7%	-0.6	591	565	32.0	-3.3	58.4%	-7.8	\$283	3.0	40.0	40.3
Montreal Centre East	7.8%	-0.7	624	595	30.1	-5.0	63.1%	-8.9	\$279	4.8	43.1	22.0

△ = Change

* Average annual unemployment rate

** Variable Entrance Requirement in average hours of insurable employment

*** Duration actually spent on claim expressed as a percentage of entitlement

3. Ontario Communities

Toronto Centre

The Toronto Centre community is located in Canada's largest urban area. It is an affluent community, with average employment incomes more than twice the national level. Toronto Centre is characterized by a very high proportion of post-secondary graduates, with jobs concentrated in management and professional occupations.

Consequently, the unemployment rate is lower than average at 5.5%, down 0.6 percentage points from 1999/00. EI regular claims fell by 6.5%, from 2,760 in 1999/00 to 2,580 in 2000/01. As in most large cities, work is largely full time and full year, resulting in few frequent claimants (10.9%). Reflecting the strong labour market, the proportion of entitlement used by claimants before returning to work fell to 59.4% from 65.9% in 1999/00. In addition, average weeks spent on claim declined significantly from 20 to 17 weeks and average weekly benefits increased by 3.7% to \$353.

EI plays a limited role in Toronto Centre, with only 5.7% of those with wages collecting EI in 1999. Furthermore, benefits comprised only 0.4% of total employment income, considerably less than the national average of 2.2%.

Hamilton Mountain

Hamilton Mountain is a services-oriented community in the city of Hamilton. While employment in the community is concentrated in clerical, sales/services, and trade/transport occupations, its economy depends heavily on the health of the manufacturing industry, particularly steel.

The unemployment rate in Hamilton Mountain was 5.1% in 2000/01, up 0.2 percentage points from 1999/00, but still well below the national average of 6.9%. However, a slowdown in manufacturing at the end of 2000/01 led to a downturn in the steel industry, resulting in a 13.7% increase in regular claims from 5,320 in 1999/00 to 6,050 in 2000/01. At the same time, the generally buoyant regional economy meant that the proportion of entitlement used by claimants fell to 55.4%, down from 58.1% in the previous reporting period. However, average weeks spent on claim remained relatively stable at 16 weeks. Average weekly benefits increased by 5.3% to \$325 as a result of layoffs in manufacturing, a sector with relatively high wages. It should also be noted that the proportion of frequent claimants in Hamilton Mountain is relatively high for an urban centre. This is due to the fact that many residents of Hamilton Mountain work in blue-collar occupations like manufacturing and construction, which are relatively susceptible to layoffs.

Table 3

Ontario Communities

Community	U Rate*		VER** Hours		Entitlement (Weeks)		Duration***		Benefits (Weekly)		% Female	% Frequent
	00/01	△	00/01	99/00	00/01	% △	00/01	% △	00/01	% △	00/01	00/01
Toronto Centre	5.5%	-0.6	700	677	29.1	-2.7	59.4%	-10.0	\$353	3.7	54.7	10.9
Hamilton Mountain	5.1%	0.2	694	700	28.6	4.0	55.4%	-4.6	\$325	5.3	37.9	23.3

△ = Change

* Average annual unemployment rate

** Variable Entrance Requirement in average hours of insurable employment

*** Duration actually spent on claim expressed as a percentage of entitlement

EI plays a limited role in the local economy of Hamilton Mountain, with only 9.5% of wage earners receiving EI in 1999. Moreover, EI comprised only 1.0% of total employment income in the community, less than half of the national average of 2.2%.

4. *Prairie and Northern Communities*

St. Boniface

St. Boniface is a suburb of Winnipeg. The community's labour force is concentrated in clerical and sales/services occupations, as it consists of spin-off industries supporting Winnipeg's downtown core.

In 2000/01, the unemployment rate in St. Boniface was 5.3%, down 0.4 percentage points from 1999/00. Due to a strong economy, regular claims fell by 12.7% to 3,430, down from 3,930 in 1999/00. However, frequent claimants comprised 31.5% of beneficiaries, slightly lower than the national average of 37.3%. Claimants found work more quickly, as reflected in the decline in EI entitlement used from 67.1% to 61.0% and in the decrease in average weeks on claim from 18 to 16 weeks over 1999/00.

Given the relatively strong local economy, EI plays a limited role in the community's economy with only 11.3% of wage earners receiving EI and benefits making up only 1.5% of total employment income, less than the national average.

Prince Albert

Prince Albert is a service and processing centre for the surrounding area of prairie agriculture and forestry in central Saskatchewan. Employment growth occurred in 2000/01 due to expansion in food processing, forestry and related wood processing industries.

The unemployment rate in Prince Albert remained virtually unchanged from the previous reporting period at 13.3%, nearly double the national average of 6.9%. Regular claims decreased by 12.5%, from 4,160 in 1999/00 to 3,640 in 2000/01. Nonetheless, about 41% of EI recipients were frequent claimants, as was the case in most parts of the country where seasonal industries dominate the local economy. However, growth in longer term employment processing industries has allowed for a three-year decline in frequent claimants (-16.9%) from 1,780 in 1997/98 to 1,480 in 2000/01. The recent economic growth translated into longer employment duration and shorter unemployment spells. In 2000/01, there was a marked decline in EI entitlement used, from 62.1% to 54.0%, and average weeks spent on claim declined from 22 to 20 weeks. Average weekly benefits increased by 1.4% to \$304, about \$8 higher than the national average.

Prince Albert is somewhat reliant on EI with 18.9% of wage earners also receiving EI benefits in 1999 and benefits comprising 3.5% of total employment income, higher than the national average of 2.2%.

Calgary Centre

Calgary Centre is an urban centre with employment concentrated in full-time work in clerical, management and professional occupations. Over the last few years, the region has enjoyed positive employment growth that emanates from its strong oil and gas industry and its increasingly diverse economy.

In 2000/01, the unemployment rate, at 4.6%, was down 1.1 percentage point from 1999/00, and was significantly lower than the national unemployment rate of 6.9%. The strong economy translated into a 14.5% decline in

regular claims, from 4,760 to 4,070, over the previous reporting period. Only a small proportion of EI beneficiaries were frequent claimants (15.5%), compared to the national average of 37.3%. Further, the proportion of entitlement used by claimants before returning to work fell to 59.4% from 62.5% and average weeks on claim declined from 18 to 16 weeks. Average weekly benefits increased by 4.6% to \$317.

EI plays a limited role in Calgary Centre, with only 9.7% of wage earners also receiving EI benefits. Further, benefits comprised only 1.0% of employment income, less than half of the national average.

Yellowknife

Yellowknife is the capital of the Northwest Territories and therefore serves as the primary government and administrative centre, with some reliance on mining and construction activities as well. Yellowknife has a bimodal distribution of educational attainment with many individuals having less than high school

(largely Aboriginal peoples) and a high proportion of the population having post-secondary degrees, diplomas or certificates.

Although the unemployment rate in the EI region is set at 25%, the unemployment rate in the city of Yellowknife was actually comparable to the national average of 6.9% in 2000/01. Growth in government services and the local mining industry led to a 16.4% decline in EI claims, from 730 to 610 in 2000/01 and only a small proportion of EI beneficiaries are frequent claimants. Furthermore, average weeks spent on claim fell from 22 to 19 weeks and, on average, only 46.4% of entitlement was used. Average weekly benefits increased by 3.3% to \$355, reflecting above average incomes in Yellowknife.

The community of Yellowknife has a slight reliance on EI, with 13.8% of wage earners also collecting EI benefits. Further, EI benefits represented less than 2.0% of employment income, lower than the national average of 2.2%.

Table 4

Prairies and Northern Communities

Community	U Rate*		VER** Hours		Entitlement (Weeks)		Duration***		Benefits (Weekly)		% Female	% Frequent
	00/01	△	00/01	99/00	00/01	% △	00/01	% △	00/01	% △	00/01	00/01
St. Boniface	5.3%	-0.4	700	700	27.6	1.5	61.0%	-9.2	\$302	4.1	39.1	31.5
Prince Albert	13.3%	0.0	435	429	37.8	2.2	54.0%	-13.0	\$304	1.4	30.8	40.7
Calgary Centre	4.6%	-1.1	700	691	28.7	-0.7	59.4%	-5.1	\$317	4.6	34.9	15.5
Yellowknife	25.0%	0.0	420	420	41.5	0.5	46.4%	-13.9	\$355	3.3	57.4	9.8

△ = Change

* Average annual unemployment rate

** Variable Entrance Requirement in average hours of insurable employment

*** Duration actually spent on claim expressed as a percentage of entitlement

5. British Columbia Communities

Kelowna

Kelowna is a processing and service centre for the farming and timber rich Okanagan valley area of British Columbia. The population of Kelowna has been growing, largely due to an emerging high-tech industry and because it is a popular retirement destination.

In 2000/01, Kelowna had an unemployment rate of 10.4%, up 0.7 percentage points from 1999/00. Regular claims rose by 3.7% to 7,560, from 7,290 in 1999/00, likely reflecting increased job mobility in a strong economy. The number of frequent claimants has declined for four consecutive years from 2,650 in 1997/98 to 1,920 in 2000/01. Claimants also found jobs relatively quickly as entitlement used fell to 55.6% from 61.9% in 1999/00 and average weeks spent on claim declined from 20 to 19 weeks. Average weekly benefits increased by 2.3% to \$305, almost \$10 above the national average.

Kelowna is somewhat reliant on EI, with 16.8% of wage earners receiving EI benefits. Benefits comprised 2.3% of employment income, just above the national average of 2.2%.

Surrey

The Surrey community is a southern suburb of Vancouver. Since 1994, Surrey's population has been growing as a result of an increase in its immigrant population, with one-sixth of the local labour force having come to Canada in the last decade. Employment in Surrey is concentrated in urban spin-off industries such as clerical and sales and services.

In 2000/01, the unemployment rate stood at 6%, down 1.7 percentage points from 1999/00. Regular claims fell by 6.9% from 16,130 to 15,020 over the previous reporting period. The proportion of frequent claimants declined to 25.9%, down slightly from 26.2% in the previous reporting period. However, a very high and growing proportion of workers aged 45 and over (38.7%) were on claim. Average entitlement used remained relatively stable at 68.6% and average weeks on claim declined from 20 to 18 weeks. Average weekly benefits increased by 2.0% to \$284.

The Surrey economy is somewhat reliant on EI, with 16.5% of wage earners also receiving EI benefits and benefits comprising 2.2% of employment income, the same as the national average.

Table 5

British Columbia Communities

Community	U Rate*		VER** Hours		Entitlement (Weeks)		Duration***		Benefits (Weekly)		% Female	% Frequent
	00/01	△	00/01	99/00	00/01	%△	00/01	%△	00/01	%△	00/01	00/01
Surrey	6.0%	-1.7	685	627	26.2	-10.0	68.6%	-2.1	\$284	2.0	45.6	25.9
Kelowna	10.4%	0.7	534	554	35.1	5.4	55.6%	-10.3	\$305	2.3	33.6	25.4

△ = Change

* Average annual unemployment rate

** Variable Entrance Requirement in average hours of insurable employment

*** Duration actually spent on claim expressed as a percentage of entitlement

EMPLOYMENT INSURANCE



2002 Monitoring and Assessment Report





March 2003

The Honourable Jane Stewart
Human Resources Development Canada
Place du Portage, Phase IV
140 Promenade du Portage
Hull, Quebec
K1A 0J9

Dear Minister Stewart:

We are pleased to present the *2002 Employment Insurance Monitoring and Assessment Report*, the sixth in a series of annual reports to be submitted to the Minister of Human Resources Development by the Canada Employment Insurance Commission under section 3 of the *Employment Insurance Act*.

This sixth report focuses on the period April 1, 2001 to March 31, 2002 – the fifth full fiscal year the Employment Insurance system was in place. The report presents a detailed analysis of what is known so far about the impact of the 1996 Employment Insurance reform on income benefits as well as the Employment Benefits and Support Measures. It compares results for 2001/02 to 2000/01. In this context, trends for the periods between 1995/96 and 1997/98 and 1998/99 to 2000/01 identified in the *2001 Monitoring and Assessment Report* are also discussed. In addition, the report provides updates on improvements in program administration, community adjustment, and savings realized during the period under review. The report also takes a preliminary examination of what is known about the recent changes to Employment Insurance made under Bill C-2 and the enhancement to parental benefits.

You should note that our findings on the impact of changes to the Employment Insurance program for this period are still somewhat incomplete. For example, as it takes several months following the end of a claim before administrative information is available for analysis, the information about claims that started in the latter part of 2001/02 will only be available later. In addition, information on measures such as the benefit repayment provision comes via the tax system, therefore the most recent information on this provision was for 2000.

We trust that you will find the report informative.

Wayne Wouters
Chairperson

Anthony Wohlfarth
Commissioner for Workers

Maryanett Flumian
Vice-Chairperson

Roger Légaré
Commissioner for Employers

Employment Insurance 2002 Monitoring and Assessment Report

Submitted to:

The Minister of Human Resources Development Canada

March 31, 2003



By:

The Canada Employment Insurance Commission

Prepared by:

Human Resources Development Canada
Strategic Policy
Labour Market Policy Directorate

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Table of Contents

Introduction	a
Executive Summary	i
Chapter 1 – Context	1
Chapter 2 – Income Benefits	11
Chapter 3 – Employment Insurance Part II	21
Chapter 4 – Program Administration	33
Chapter 5 – Impacts	39

Annex 1 – Income Benefits Data Tables

Annex 2 – Employment Benefits and Support Measures Data Tables

Annex 3 – Community Profiles

The Employment Insurance (EI) program, introduced in July 1996 and January 1997, represented the most fundamental restructuring of the Unemployment Insurance program in 25 years. That is why the Government of Canada included a legislative requirement for the Canada Employment Insurance Commission to monitor and assess the impacts of the reform in a series of five reports covering the years 1997 to 2001. In light of the need to modify the EI program in the context of sound evidence,¹ the monitoring and assessment requirement has been extended for an additional five years, from 2001 to 2006. Findings from recent reports led to the changes introduced in Bill C-2, an *Act to Amend the Employment Insurance Act and the Employment Insurance (Fishing) Regulations*, which received Royal Assent on May 10, 2001, and Bill C-49, an *Act to Implement Certain Provisions of the Budget Tabled in Parliament on December 10, 2001*, which received Royal Assent on March 27, 2002. EI regulations were also changed because of the monitoring and assessment process. Modifications to the rules concerning undeclared earnings, small weeks and apprentices came into effect, respectively, on August 12, 2001, November 18, 2001, and July 21, 2002.

This is the sixth *Employment Insurance Monitoring and Assessment Report* and it focuses on the period April 1, 2001 to March 31, 2002, the fifth full fiscal year that the Employment Insurance system has been in place.

Chapter 1 sets the context for the results by providing an overview of the Canadian labour market, briefly reviewing the service delivery context and providing an overview of the recent changes to the program. The results for Income Benefits are described in Chapter 2.

The support provided to unemployed workers through active re-employment measures, known as Employment Benefits and Support Measures (EBSMs), is discussed in Chapter 3. Chapter 4 provides an overview of program administration including the Modernizing Services for Canadians initiative. In Chapter 5, impacts of EI on individuals, communities and the economy are analyzed.

I. CANADA EMPLOYMENT INSURANCE COMMISSION

The Canada Employment Insurance Commission has four members who represent the interests of government, workers and employers. The Chairperson and Vice-Chairperson (the Deputy Minister and Associate Deputy Minister of Human Resources Development Canada) represent the interests of the federal government. The Commissioners for Workers and Employers represent the interests of workers and employers, respectively. Among its other responsibilities, the Commission has been assigned the legislated mandate to monitor and assess the impacts of EI reform. Under the 1996 EI Act, the Commission was to provide a report to the Minister by December 31st each year. However, under Bill C-2, this date was changed to allow for sufficient consultations with provinces in the preparation of this report. The Employment Insurance Commission must now provide the Minister with the report no later than March 31st. The report is then to be tabled by the Minister in Parliament.

The 1996 reforms were far-reaching, affecting the fundamental design of the program. The 2001 and 2002 amendments reflected the program's responsiveness to changing economic and labour market conditions. The monitoring and assessment process helps provide a broader understanding of the

¹ The Monitoring and Assessment report makes use of many sources of information in analyzing the effects of the changes introduced under Employment Insurance. In addition to HRDC administrative data, Canadian Out of Employment Panel (COEP) studies and information from Statistics Canada, evaluation studies that are funded by HRDC are also used. As in previous reports, this report includes references to evaluation studies that touch on both Part I and Part II benefits of the *Employment Insurance Act*.

effectiveness of changes implemented. It reports on the impact of reforms on individuals, communities and the economy and helps contribute to the evolution of the program by providing feedback on how EI is assisting Canadians with temporary income support and re-employment measures.

"The Commission shall report to the Minister on its assessment annually from 2001 to 2006, no later than March 31 following the end of each of those years. The Commission shall make any additional reports at any other times, as the Minister may request."

II. LEGISLATED MANDATE

Specifically, section 3(1) of the *Employment Insurance Act* states that:

"The Commission shall monitor and assess:

- (a) how individuals, communities and the economy are adjusting to the changes made by this Act to the insurance and employment assistance programs under the *Unemployment Insurance Act*;
- (b) whether the savings expected as a result of the changes made by this Act are being realized; and
- (c) the effectiveness of the benefits and other assistance provided under this Act, including
 - (i) how the benefits and assistance are utilized by employees and employers; and
 - (ii) the effect of the benefits and assistance on the obligation of claimants to be available for and to seek employment and on the efforts of employers to maintain a stable workforce."

In addition, under Bill C-2, section 3(2) of the EI Act was amended to extend the monitoring and assessment process to 2006 and to allow the Commission more time for proper consultations with the provinces and territories in the preparation of the report. The Act now states that:

In the sixth annual EI monitoring and assessment report the impact of EI on the economy, communities and individuals is examined. The focus of the analysis is on the period from April 1, 2001, to March 31, 2002, which is the fifth full fiscal year since the implementation of the Employment Insurance (EI) program. In addition, trends identified in previous reports are also discussed in light of the findings.

The report opens with an overview of the Canadian labour market in Chapter 1. Chapter 2 provides an overview of EI Income Benefits in terms of claims established and benefits paid. Chapter 3 discusses the use of active re-employment measures to help clients return to work. Administration of the EI program is discussed in Chapter 4. The report concludes with an integrated review of the impact of the EI program on the economy, communities and individuals in Chapter 5.

I. CANADIAN LABOUR MARKET

Despite the economic slowdown, which began in early 2001, the Canadian labour market continued to perform well in 2001/02. Overall, employment grew by 145,300 jobs or 1.0% in this reporting period. Of the 145,300 new jobs created during the reporting period, a total of 104,300 jobs or 71.8% were in full-time employment. In 2001/02, part-time employment represented 18.2% of all jobs, which is a continuation of the downward trend since peaking at 19.2% in 1996/97.

Net employment growth in 2001/02 was in paid employment, which is significant because paid employment is insured under EI and self-employment is generally not covered under the program. The analysis also indicates that all net employment growth occurred in the service sector, where employment grew by 1.4%. In contrast, employment declined by 0.3% in the goods producing sector.

The strength of the Canadian economy during the reporting period is also demonstrated by the fact that participation rates for men (72.6%) and women (59.8%) increased. However, the slowdown in the Canadian economy did result in a 0.5 percentage point increase in the average unemployment rate from 6.9% in 2000/01 to 7.4% in 2001/02. All age and gender groupings experienced slightly higher unemployment rates.

The key features of the Canadian labour market in 2001/02 were as follows:

- **Employment growth** was higher for women (1.4%) than for men (0.6%). This reflects the higher growth in the service-producing sector (1.4%), where women tend to be more highly represented, relative to the goods-producing sector (-0.3%).
- **Older workers** (55+) experienced the most significant growth in employment (5.1%). Growth in employment for older workers has been consistently high over the past five reporting periods.
- **Youth** (15–24) employment increased by 0.6%, declining from a growth rate of 3.6% the previous year. Youth employment declined by 3.5% in the goods-producing sector while employment grew by 1.6% in the service-producing sector.
- **Immigration** is a critical aspect and a key strength of the Canadian labour market as it accounts for approximately three quarters of all labour force growth.
- Challenges in **balancing work-life demands** have increased, suggesting that a greater proportion of workers are experiencing pressures in fulfilling their roles of employee, parent, spouse and caregiver.
- **Education** continues to be a critical factor in determining labour market success. In 2001/02, approximately 14.3% of individuals with less than a high school

education were unemployed in comparison to those with a university degree, who experienced a 4.8% unemployment rate.

II. INCOME BENEFITS

The total number of EI claims and overall benefits paid increased from previous years, which is consistent with the slowdown within the economy. In 2001/02, there were about 1.9 million new claims for EI benefits, representing an increase of 10% in comparison to the previous year.

The breakdown by type of benefit is as follows:

- regular claims increased by 7.9% to 1.48 million claims;
- Work Sharing claims increased by 174% to 47,302 claims;
- fishing claims increased by 8.2% to 30,552 claims; and
- special benefits claims increased by 9.5% to 465,920 claims.

Total income benefits paid amounted to \$11.5 billion in 2001/02, an increase of 23.9% from 2000/01. The breakdown by benefit type is as follows:

- regular benefits increased by 17.2% to \$8.0 billion;
- Work Sharing benefits increased by 353% to \$47.2 million;
- employment benefits increased by 6.4% to \$423.2 million;
- fishing benefits increased by 4.8% to \$246.9 million; and
- special benefits increased by 53.6% to \$2.8 billion.

Regular claims for women increased by 6.9%, while those for **men** increased by 8.6%. The lower rate of growth in claims for women reflects the continued growth within the service-producing sector. Men on the other hand witnessed a greater increase in regular EI claims due to the slowdown in manufacturing, where employees are predominantly men (72%).

Claims filed by **youth** increased by 7.8% during the reporting period. Given their lack of experience in their workplace, youth may be one of the first groups to be affected by an economic slowdown. At the same time, results show that youth tend to have a greater degree of work force attachment prior to filing for EI benefits.

Regular claims by **older workers** increased by 11.3% in 2001/02. While the increase in claims for older workers is also related to the economic slowdown, another contributing factor is the growth of the labour force that is over 55, reflecting the aging population of Canada's work force.

There was also an increase in the number of **first-time and occasional EI clients** in 2001/02. This reflects the economic slowdown and is significant because it shows that EI was accessed in greater numbers by people who need to rely on the program less often. It should be noted that the proportion of EI clients that are **frequent** claimants declined slightly in 2001/02 to 35% of regular and fishing claims. As in past years, the vast majority of frequent EI clients (80%) had a "seasonal" pattern of filing for EI.

In terms of **special benefits**, this reporting period marks the first complete fiscal year since the introduction of the enhancements in maternity and parental benefits. The preliminary findings are encouraging and the enhancements will continue to be monitored to determine whether trends change over time. Under the enhancements, accessibility to special benefits was improved by decreasing the entrance requirement from 700 to 600 hours, the duration of parental benefits was extended from 10 to 35 weeks, and flexibility in sharing benefits was improved by allowing parents to serve only one waiting period and to work partial weeks while on claim. Overall, the initial findings of the enhanced maternity and parental benefits indicate that the enhancements in maternity and parental

benefits are providing families the flexibility to care for their newly born or adopted child for an extended period of time. The number of parental claims increased by 17.7% to 211,270 claims, with the volume of parental claims for men increasing by nearly 80%. The analysis also indicates that parents are using 86.2% of the full year available to them. These findings not only indicate that a greater number of families are accessing the benefits, but also that the level of benefits is adequate as families are collecting the majority of the available benefits.

In addition, analysis of accessibility to maternity and parental benefits for new mothers indicates that in 2001, 84% of mothers with insurable employment in the year before childbirth received maternity and/or parental benefits. This is significant as it represents a 5.0 percentage point increase from 2000 and indicates that the reduction in entrance requirements from 700 to 600 insured hours is working as intended.

The **impact of EI on the economy** was also examined to assess the effectiveness of the program in stabilizing the economy during periods of economic uncertainty. Evidence indicates that the program continues to play a key role in stabilizing the economy as it was responsive to changes within the economy and more specifically within the labour market. EI claim volume for regular benefits increased over the first three quarters of the reporting period in response to the slowdown in the economy. Analysis also indicates that the EI program assisted in stabilizing the economy during the slowdown by minimizing job losses and maintaining household spending by providing counter-cyclical economic stimulus. Results of a macro-simulation model indicate that without the EI program an additional 71,000 jobs would have been lost in 2001 and 2002. Further, the analysis indicates that the program assisted in maintaining household spending with only 12% of EI recipients

experiencing a decline in their household spending.

Analysis shows that the **Work Sharing** program was a significant factor in stabilizing the economy during the slowdown. In 2001/02, the Work Sharing program averted an estimated 13,000 layoffs, which explains the significant growth in Work Sharing claims (174%) and benefits paid (353%). Analysis indicates that the Work Sharing program was used to a greater extent during the second half of the reporting period, which is attributable to the economic slowdown following September 11.

The **impact of EI on communities** was also examined to assess the effect of EI on a micro level. Analysis of 14 representative communities indicates the program responds quite well to local labour markets and that benefits are adequate despite very different economic realities across the country. The analysis shows that the duration of EI benefits continues to be adequate as claimants rarely used more than 70% of their maximum entitlement before returning to work, even in communities with high unemployment.

The **impact of EI on individuals** was examined to assess the effectiveness of the program in providing temporary income support, in promoting greater work force attachment, and in assisting families to balance work-family responsibilities. This analysis was undertaken by examining three core issues: accessibility to EI benefits, adequacy of EI benefits and promoting work force attachment.

Access to the EI program was analyzed using a number of different measures focusing on the employed and the unemployed. Analysis of the **employed population** indicates that access to EI remains high with 88% of individuals in paid employment being eligible for EI benefits if they had lost their jobs in December 2000. The level of access was consistent across all regions of the country

despite significant variations in the local labour market. Accessibility was virtually the same for men (97%) and women (96%) working full time.

In addition, two measures of coverage focusing on the **unemployed population** were assessed. The Employment Insurance Coverage Survey (EICS) indicated that nearly 83% of the EI target population was eligible to receive EI benefits in 2001, remaining stable over the past two years. Further, although it is too broad a measure to reliably reflect the effectiveness of the EI program because it includes individuals whom the program was not intended to cover, the beneficiary to unemployed (B/U) ratio increased slightly from 45% to 47% in 2001/02.

Analysis continues to indicate that **fishers** are qualifying for benefits with relative ease as 96% of fishing claimants qualified for benefits with insured earnings in excess of the maximum entrance requirement of \$5,500. It is important to note the shift in the fishery from ground fish to shellfish and the resulting increase in revenues in the industry. The ease with which fishers are qualifying for benefits has raised issues as more individuals may be entering the fishing industry than otherwise would be the case.

Adequacy of EI benefits was examined from a variety of perspectives, including the duration of entitlement and the weekly benefit rate. Analysis for 2001/02 indicates that on average, regular beneficiaries collected only two thirds of the weeks that they were eligible to receive benefits, a proportion that is consistent with previous reporting periods. In addition, approximately 30% of regular EI beneficiaries exhausted their entitlement to EI benefits, which is also consistent with previous reporting periods. The adequacy of EI benefits is demonstrated by the fact that the proportion of entitlement used and the proportion of beneficiaries exhausting their entitlement remained stable during a period of economic uncertainty.

The adequacy of EI benefits was also undertaken by examining the growth in average benefit. Analysis indicates that the average weekly benefit increased by 2.6% to \$304. This is significant as the increase in the average weekly benefit rate exceeded the growth in the average industrial wage rate (1.7%), indicating the benefit is adjusting in relation to rising average wage rates of claimants. In fact, since 1996/97 the average benefit has increased by 12% in comparison to an 8.5% increase in the average industrial wage rate over the same period.

Results for the Family Supplement top-up continue to indicate that the provision is providing a higher level of benefits to claimants in low-income families. In 2001/02, Family Supplement payments increased by 11.7% to \$175.8 million. However, the proportion of beneficiaries receiving the Family Supplement declined from 10.7% to 9.7%, which is attributable to family income increasing while the Family Supplement threshold remains fixed at \$25,921.

The EI program was designed with features to **promote greater work force attachment** and to promote full participation in the labour market. While there are numerous provisions within the program designed to promote work force attachment, this report focused on three key provisions: the divisor, working while on claim and the Small Weeks provision. Overall, the findings indicate that the divisor and Small Weeks provision are working as intended. However, the working-while-on-claim provision may not be encouraging clients to accept all available work while on EI. Further monitoring and assessment of the provisions to promote work force attachment will be undertaken in future reports to better understand the incentives and disincentives that affect an individual's decision to participate fully in the labour market.

The proportion of EI claimants that were able to secure the additional two weeks of work

remained high at nearly 97%, representing a decline in those affected by the divisor for the second consecutive year. These findings suggest that the **divisor** provision is working as intended as individuals can secure the additional employment even during periods of economic uncertainty.

As reported in previous Monitoring and Assessment reports, the proportion of claimants reporting **working while on claim** continued to decline. The findings continue to indicate that claimants may be hesitant to accept work while collecting EI benefits unless they can reduce their EI benefit for that week to \$0, which allows them to keep the week of benefit for later use. The findings also indicate that first-time and occasional claimants are more willing to accept a partial week of work than frequent claimants.

Building on a pilot provision that applied only in areas of high unemployment, the **Small Weeks** provision was implemented nationally in November 2001. The Small Weeks provision encourages clients to work weeks with lower earnings (below \$150) as these weeks will not impact their potential EI entitlement on a future claim. In 2001/02 the proportion of claims established using the Small Weeks provision increased slightly from 7.5% to 8.1%, which is attributable to the provision being extended to all economic regions rather than just those with high unemployment rates. Initial analysis indicates that the Small Weeks provision is providing clients with a higher weekly benefit, on average an increase of \$14. The analysis also indicates that women and youth are the key beneficiaries of the Small Weeks provision.

In addition, higher eligibility requirements were designed to ensure that workers, especially new workers, established a substantial attachment to the labour force before being eligible for EI benefits. Analysis indicates this provision is working as intended as a larger proportion of individuals new to the

work force are qualifying for EI with a greater number of insured hours of employment, indicating a greater work effort and work force attachment prior to accessing EI.

III. EMPLOYMENT BENEFITS AND SUPPORT MEASURES

The 1996 reform emphasized the use of active re-employment measures, known as Employment Benefit and Support Measures (EBSMs). Partnerships with the provinces and territories established through Labour Market Development Agreements (LMDAs) allow provinces/territories to use EBSMs to meet the needs of local labour markets. Both the number of clients served and the number of EBSM interventions increased in 2001/02, reflecting the economic slowdown and resulting increase in EI claims.

Service interventions, which are generally short in duration, accounted for the majority of new interventions in 2001/02, which is consistent with previous reporting periods. At over two thirds, this reflects the number of regular claims filed. Services are often the best means to address the needs of job-ready clients.

Within the designated groups, participation of persons with disabilities and visible minorities was relatively unchanged in both programs and services. However, the participation of women in services and programs declined 1.2 and 2.6 percentage points, respectively. While women participated in nearly half of all interventions, overall, they were more likely than men to participate in service rather than longer term program interventions. This is likely because fewer women participate in apprenticeship training programs. The participation of Aboriginal people in programs remained stable but there was a decline of 1.2 percentage points in the participation of Aboriginal people in services. Finally, the EBSM indicators of returns to work and unpaid benefits declined 8.8% and 10.9% respectively,

reflecting the slowdown during the first three quarters of the reporting period.

IV. PROGRAM ADMINISTRATION

The report also notes that an initiative to modernize service delivery to better reflect the needs of Canadians was launched during the reporting period. The modernizing services initiative expands the choices of how clients will be served and improves the quality and efficiency of services to Canadians. Key highlights of modernizing services in 2001/02 include:

- enhancements to the EI Web site to improve navigation, making it easier for clients to access information;
- the launch of EI Appli-Web, which allows clients to file EI claims over the Internet;
- standardized service offerings to ensure clients receive all relevant information at their first point of contact; and
- development of the ROE-Web project that allows employers to submit employment separation papers (Record of Employment – ROE) over the Internet.

Progress on the modernizing of services will be discussed further in future reports.

V. SUMMING UP

The responsiveness of the EI program nationally and locally to changes in the economy was confirmed in 2001/02. As employment growth declined and unemployment rates increased, Canadians accessed the program in greater numbers. Results indicate that EI remains an important program for working Canadians and their families.

While the EI program continues to meet its primary objective of providing temporary income support for people who temporarily lose their job and assisting them in returning to work, further monitoring of the program is essential. Specifically, the incentives within the EI program to encourage full participation in the labour force require further analysis. In addition, the national implementation of Small Weeks, modifications in the repayment provisions, the level of benefits to low-income families, and the enhancements to maternity and parental benefits need to be further examined. Further analysis of fishing benefits is also necessary to develop a better understanding of the use of the benefits and the relationship between the EI program and the industry.

Findings from the report indicate that the EI program continues to provide support to assist Canadian families in balancing work-family demands. In 2003/04, the EI program will be modified to provide benefits to ensure that eligible workers can take a temporary absence from work to provide care or support to a gravely ill or dying child, parent or spouse. The EI program continues to be monitored to ensure that the program remains responsive to the needs of Canadians.

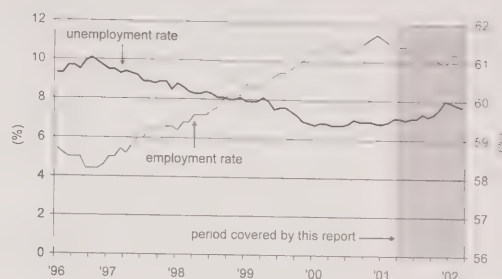
This chapter provides the economic context in which the Employment Insurance (EI) reforms of 1996 and subsequent adjustments can be assessed for fiscal year 2001/02. The first section of the chapter outlines key labour market developments, the second section describes recent legislative changes to EI, and the third section provides an overview of service delivery initiatives.

I. LABOUR MARKET CONTEXT

1. Overview

During the reporting period,¹ Canada's labour market went through a period of transition. The slowdown that started during the previous reporting period was compounded in the fall by the events of September 11th and the resulting impacts on the service-producing sector, particularly within the transportation and tourism industries. Volatility within the economy and more specifically within the telecommunications sector was also a key factor during the reporting period. Despite the economic slowdown, the Canadian labour market continued to be quite dynamic with approximately 4.7 million Canadians being hired and 4.9 million leaving their jobs. However, signs of a recovery emerged during the final quarter of the reporting period despite the weaker economy. Employment grew by 145,300 or 1.0% during the reporting period while the unemployment rate increased from 6.9% to 7.4%. Despite the weaker economy, Canada's economic and labour market performance was strong. It is important to note that while growth slowed in comparison to previous years, Canada's performance was well above the average for OECD countries.²

Chart 1: Economic Context since EI Reform

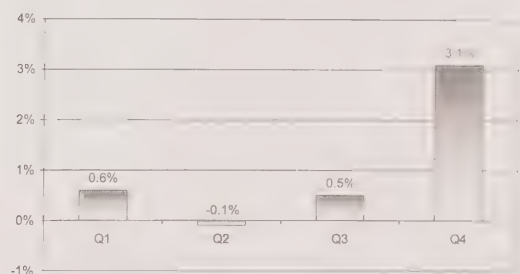


Source: Labour Force Survey

2. Employment

Chart 2 indicates that employment growth strengthened towards the end of the reporting period. During the first and second quarters, employment growth³ was 0.6% and -0.1% respectively. In the final two quarters, employment growth was 0.5% and 3.1%, an indication that the economy was recovering. Stronger growth in the fourth quarter of the reporting period can be traced to the overall growth in the economy as real gross domestic product (GDP) grew by 6.0% during this time, marking the strongest growth in GDP since the third quarter of 1999/00.

Chart 2: Employment Growth by Quarter



¹ Unless otherwise indicated, the reporting period analyzed in this report is from April 1, 2001 to March 31, 2002. Job growth and unemployment measures are calculated using annual averages of seasonally adjusted data over the fiscal year April 1, 2001 to March 31, 2002, unless otherwise indicated.

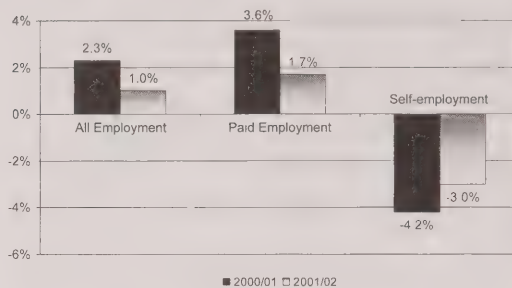
² Based upon available data the average employment growth for OECD countries was 0.2% for the period April 1, 2001 to March 31, 2002.

³ Employment growth from quarter to quarter, annually.

Of the 145,300 new jobs created during the reporting period, a total of 104,300 jobs or 71.8% were in full-time employment. Part-time employment increased by 41,000 jobs or 28.2% of new jobs created, with substantial gains in the months following the events of September 11th. Interestingly, part-time employment peaked at 19.2% of all jobs in 1996/97, but slowly declined to 18.2% in 2001/02. It is also worth noting the importance of seasonal employment in the labour market. Since 1997/98, seasonal employment as a share of paid employment has remained stable at approximately 2.9%. Although, seasonal employment represents a small share of paid employment, it grew at a rate of 2.2% during the reporting period. Interestingly, between 1997/98 and 2001/02, seasonal employment grew at an annual average rate of 3.5%.

It is also significant to note that all employment growth was in paid employment. During the reporting period, the number of new jobs in paid employment increased by 1.7% and declined by 3.0% in self-employment. As a result, the proportion of workers that is self-employed declined from 15.9% to 15.2%. It is important to note that this marks the fourth consecutive year that self-employment has declined after having increased substantially in the early 1990s. The decline in the portion of the labour force that is self-employed is significant because paid employment is insured under EI and self-employment is generally not covered under the program. Findings from a recent report⁴ indicate that just over two-thirds of the self-employed are men and 24.3% are aged 50 to 59 in comparison to 16.6% of all employees. The report also indicates that about 70% of self-employed individuals would not abandon their self-employment status for paid work. The report also showed that slightly more than a quarter of the self-employed had income of less than \$20,000.

Chart 3: Employment Growth by Type



In comparison to the previous fiscal year, the number of hours worked during the reporting period declined by 0.8% or an average of 4.2 million hours per month. On a year-over-year basis, the decline in hours worked is more prevalent during the period of September to March (decline of 1.2%) in comparison to the period of April to August (decline of 0.3%). The decline in the second half of the reporting period can be linked to the economic uncertainty arising from the events of September 11th. The decline in hours worked is attributable to a reduction in the number of individuals working and also the average number of hours worked. In 2001/02, the average actual hours worked decreased by 2.3% from 35.1 to 34.3. The decline in hours worked reflects the initial reaction of employers during periods of economic uncertainty.

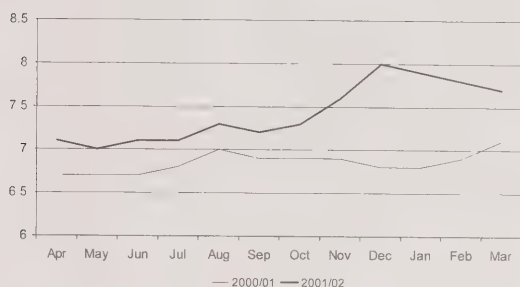
It should be noted that despite weaker economic conditions during the reporting period, data from the 2001 census reveals a high rate of labour force mobility. Provinces such as Alberta, Ontario, and Prince Edward Island gained a total of 171,460 individuals since 1996. All other provinces and territories lost population due to interprovincial migration, led by Quebec, Newfoundland and Labrador and Saskatchewan. In future reports the issue of mobility will be more fully examined.

⁴ HRDC report entitled *Results from the Survey of Self-Employment in Canada* and dated January 2002.

3. Unemployment

The slowdown in the Canadian economy resulted in a 0.5 percentage point increase in the unemployment rate from 6.9% to 7.4%. Although the unemployment rate increased, it is important to note the changes during the course of the reporting period (refer to Chart 4). In April 2001, the unemployment rate was 7.1% and increased to a high of 8.0% in December 2001 and then declined to 7.7% in March, corresponding to the strong employment and GDP growth observed over the final quarter.

Chart 4: National Unemployment rate (%)



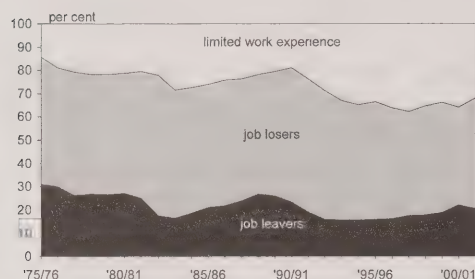
Gender and all age groupings experienced higher unemployment rates, reflecting the widespread effect of the slowdown. Unemployment increased both for men and women, however, to a varying degree. The unemployment rate for women increased from 6.7% in April 2001 to 7.2% in March 2002, marking the first annual increase since 1996/97. The unemployment rate for men, meanwhile, increased from 7.4% in April 2001 to 8.2% in March 2002. As in previous reporting periods, the change in the unemployment rate for men was more significant and can be traced to the significant slowdown experienced in the goods-producing sector, specifically in the manufacturing production where men tend to be more highly represented.

While the unemployment rate for older workers increased over the reporting period from 5.2% to 5.7%, it was still well below the national average of 7.4%. The youth unemployment rate rose from 12.6% to 13.2%, marking the first increase since 1997/98. Youth are often affected by even minor slowdowns because they have less seniority and experience in the workplace.

Interestingly, the extent to which individuals remain unemployed for extended periods continued to decline in 2001/02. The portion of the unemployed labour force that was out of work for more than a year declined from 6.2% in 2000/01 to 4.9% in 2001/02, which is among the lowest rates for industrialized nations. The level of long-term unemployed in Canada has declined significantly since 1994/95, when 14.9% of the unemployed labour force was unemployed for extended periods. It should also be noted that another approach to examine the issue of long-term employment is the census data, which reveals a long-term unemployment rate of 3.3%, with significant regional variation.

It is also important to note the reasons why individuals became unemployed during the reporting period, as EI is designed to provide temporary income support for involuntary job loss. As shown in Chart 5, the proportion of individuals who lost their job involuntarily increased by 5.7 percentage points to 47.6% while the portion of the unemployed who left their jobs voluntarily decreased by 1.5 percentage points to 20.5%. The increase in the proportion of people losing their job involuntarily is consistent with a labour market characterized by lower growth. It should also be noted that approximately one-third of the unemployed are people who are entering the labour market for the first time or re-entering it after a long period outside the work force.

Chart 5: Composition of Those Who Became Unemployed

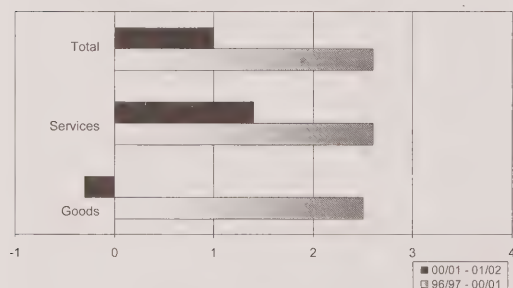


Source: derived from Statistics Canada data

4. Sectoral Labour Markets

Results indicate that all net employment growth occurred in the service sector, where employment grew by 1.4% over the reporting period. Employment in the goods-producing sector declined by 0.3%. This is significant because women represent 54% of all people employed in the service sector while men represent 77% of all those in the goods-producing sector. It is also worth noting that part-time employment represents a higher proportion of total employment in the service-producing sector (22.5%) compared to the goods-producing sector (5.9%).

Chart 6: Employment Growth by Sector
(average annual %)



Source: derived from Statistics Canada data

Every major service-producing sector experienced employment gains over the reporting period, except the transportation and storage industry, which is closely associated with the goods-producing sector, which saw a

decline of 2.7%. The largest increases were in information, culture and recreation (4.0%), wholesale and retail trade (2.9%) and managerial, administrative and other support services (2.3%). Among the government-related services, public administration was up 2.1%, health services increased by 1.0% and education services gained 0.6%.

The decline in the goods-producing sector can be traced to agriculture and manufacturing, where employment fell 10.5% and 0.7%, respectively. In contrast, employment grew in utilities (6.0%), construction (3.6%) and the non-agricultural primary industries (2.3%).

Strong job creation in the services sector can be partly explained by the fact that these industries are less reliant on exports, particularly those destined for U.S. markets.

5. Provincial Labour Markets

Of the 145,300 new jobs created during the reporting period, the bulk (110,600) of jobs created occurred in Quebec and Ontario. Alberta also experienced strong job creation (42,200). Saskatchewan (-11,300) and British Columbia (-14,300) were the only provinces with net job loss.

Table 1: Jobs Created and Employment Growth by Province

	Jobs Created ('000s)	Employment Growth
Newfoundland and Labrador	7.3	3.6%
Prince Edward Island	1.0	1.5%
Nova Scotia	4.5	1.1%
New Brunswick	1.5	0.4%
Quebec	45.4	1.3%
Ontario	65.2	1.1%
Manitoba	3.7	0.7%
Saskatchewan	-11.3	-2.3%
Alberta	42.2	2.6%
British Columbia	-14.3	-0.7%
Canada	145.3	1.0%

However, in comparison to the previous reporting period, the labour market conditions weakened in most provinces. The exceptions

were Newfoundland and Labrador and Alberta where employment rose 3.6% and 2.6%, respectively. The employment growth within these two provinces can be linked to gains in the oil and gas industry. Employment within oil and gas extraction increased in Alberta and Newfoundland and Labrador by 25.3% and 55.6%, respectively.

In contrast to previous reporting periods, the unemployment rate increased in all provinces except Newfoundland and Labrador where the unemployment rate remained unchanged and declined by 0.3 percentage points in Alberta. The most significant increases in the unemployment rate occurred in Ontario (5.8% to 6.6%) and British Columbia (7.2% to 8.1%). The increase in the unemployment rate in Ontario is attributable to the slowdown in employment within the manufacturing industry (-2.1%). In British Columbia, the increase in the unemployment rate is attributable to a slowdown in employment within the manufacturing (-7.3%) and the forestry and logging industry (-30.4%).

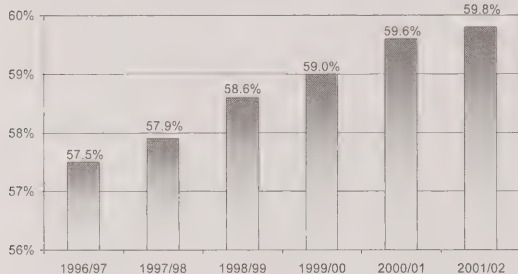
It should be noted that the EI program divides the country into areas of similar labour market conditions, such as census metropolitan areas (e.g., Quebec, Halifax, and Toronto) or areas with broadly similar economic characteristics for which representative unemployment rates can be calculated. The majority of those economic regions (39 of 58) incurred an increase in the unemployment rate from the beginning to the end of the period. This is significant because the EI program is designed to be responsive to changing economic realities by adjusting EI eligibility and entitlement according to regional unemployment rates.

In comparison to the previous reporting period, when the increase in the unemployment rate was focused in the province of Ontario, the increase

during this reporting period was widespread. For instance, the unemployment rate increased in all large metropolitan areas with Toronto, Montréal and Vancouver increasing respectively by 1.0, 1.1, and 2.5 percentage points. The Ottawa economic region incurred the greatest percentage point increase (+2.7) of all metropolitan areas, which can be traced to the important slowdown within the telecommunications sector. A majority of economic regions within each province displayed higher unemployment rates. For example, this was the case in 5 out of 9 Atlantic Canada economic regions. In Quebec, unemployment rates in 7 out of 12 economic regions increased. Similarly, in Ontario, 13 out of 17 regions experienced an increase in the unemployment rate. In the Prairies, the unemployment rate went up in 8 out of 11 economic regions. Finally, all economic regions in British Columbia had higher unemployment rates.

6. Women, Men and Youth

As in the previous reporting period, employment growth was greater for women (1.4%) than for men (0.6%), which is a continuation of the trend identified in previous Monitoring and Assessment reports. Employment growth for women continues to be based within the service sector as women are more highly represented in service-producing industries while men are more highly represented within goods-producing industries. In addition, the participation rate of women in the labour force continued its upward trend, increasing slightly from 59.6% to 59.8%. In contrast, the participation rate of men increased slightly by 0.1 percentage point to 72.6%. Also of significance is the fact that growth in full-time employment for women (1.5%) exceeded that of men (0.4%), while growth in part-time employment was greater for men (2.4%) versus women (1.1%).

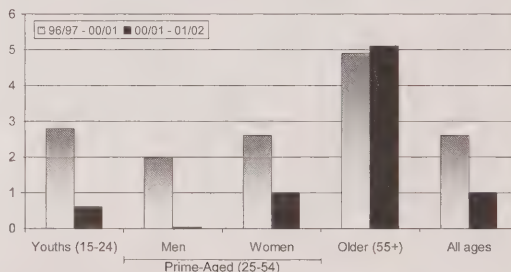
Chart 7: Participation Rates for Women

Women's employment within the service-producing sector increased by 1.6%, which is substantially lower than during the previous reporting period (3.3%). However, within the service-producing sector the growth rate for women exceeded the rate for men (1.2%). In comparison to the previous reporting period, women's employment growth slowed within the service-producing sector in almost all industries. The most significant growth in employment for women in the service-producing sector was realized in the trade (1.8%) and health care and social assistance (2.1%) industries. Women's employment within the goods-producing sector remained stable. It is interesting to note that women's employment within manufacturing industries increased by 0.6% in comparison to a decline for men of 1.2%.

Employment growth for men was also concentrated within the service-producing sector, which is in contrast to previous reporting periods when the growth was evenly divided or was concentrated within the goods-producing sector. Growth within the service-producing sector was mainly attributable to growth in trade (3.9%), public administration (2.3%), and the conglomerate of information, culture, and recreation (4.5%) industries. Men's employment within the goods-producing sector declined by 0.4%, attributable to declines in manufacturing (-1.2%) and agriculture (-10.6%).

During an economic downturn, youth and those with minimal education are most at risk.

Growth in youth employment declined to 0.6% from a growth rate of 3.6% for the previous reporting period. Youth employment declined in the goods-producing sector (-3.5%) while employment grew by 1.6% in the service-producing sector. The decline in youth employment within the goods-producing sector is attributable to declines in agriculture (-12.0%) and manufacturing (-7.8%). Declines in these industries for youth exceed the national decline, reiterating the risk that youth face in times of economic uncertainty. Within the service-producing sector, employment increased in trade (3.1%) and information, culture and recreation (6.9%) industries. In addition, the limited growth in the labour market had a more significant impact on young men than on young women. While employment remained essentially flat for young men, employment increased by 1.2% for young women. The difference is partly due to the weakness within the goods-producing sectors.

Chart 8: Employment Growth by Gender and Age
(average annual %)

Source: derived from Statistics Canada data

The most significant growth in employment for the reporting period occurred among workers who were 55 or older (5.1%). Growth in employment for older workers has been consistently high over the past five reporting periods. Further, the participation rate for older workers has been rising, increasing from 23.8% in 1996/97 to 26.4% in 2001/02. Over this same period, the participation rate for

older women grew by 17.4% in comparison to 6.5% for older men.

7. Other Labour Force Characteristics

In previous reports, attention was given to the importance of education as a key factor of labour market success. The following section continues this analysis by examining the role of immigration and the growing pressure on Canadians to balance work and family responsibilities. The examination of these key factors is essential as there have been growing pressures on the EI program to address the various labour market risks related to skill development, integration of recent immigrants, and the capacity of families to balance work and family responsibilities.

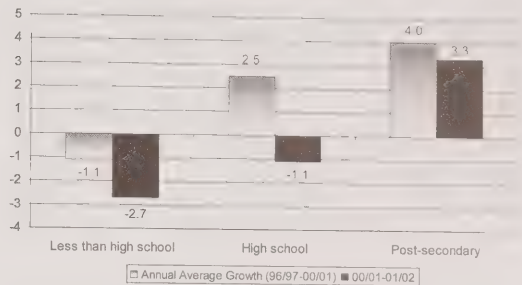
Education and Skill Level

In 2001/02, approximately 13.3% of individuals with less than a high school education were unemployed compared to those with a university degree experiencing a 4.8% unemployment rate. This underlines the importance of skill development and the need to develop a culture of lifelong learning within the Canadian labour market. In response to the need for a more skilled work force, Canadians continued to upgrade their educational attainment. In particular, the population with post-secondary qualifications grew at a 4.6% rate, while the number of those with a high school education or less declined.

As indicated in previous reports, education continued to be a major contributor to labour market success, as job growth rates increased in correlation to educational attainment. Due to the limited growth within the labour market, all groups experienced a decline in their growth rate over fiscal year 2001/02 in comparison to the average growth rate over the previous four reporting periods. However, those with post-secondary qualifications were the only ones to witness job gains. All others experienced significant declines, with the most

dramatic being for those with less than high school, who experienced a decline of 2.7%.

Chart 9: Employment Growth for Those Older than 15 by Educational Attainment (%)



Immigration

The period of 1996 to 2001 was characterized by a historically slow population growth. Immigration is a critical aspect and a key strength of the Canadian labour market as it accounts for approximately three quarters of all employment growth. While educational attainment and labour market success are strongly linked for the majority of the population, the relationship does not hold for recent immigrants. In 2000, 58% of working age immigrants had a post-secondary education upon arrival, compared to 43% of the existing Canadian population. Despite their educational attainment, a lower share of immigrants aged 25-44 were employed compared to Canadian-born residents aged 25-44. Furthermore, the share of immigrants who were employed declined, while the share for Canadian-born remained stable. In addition, recent immigrants, particularly members of visible minorities, tend to experience higher rates of unemployment and lower average wages in comparison to other Canadians. They may often find themselves in a position that does not match their skills and formal credentials.

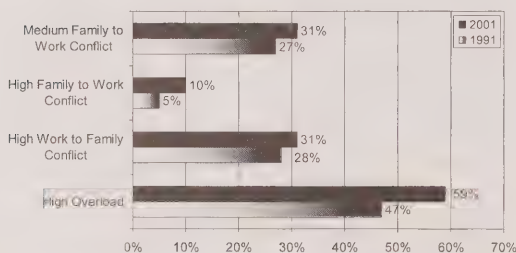
Work-Family Balance

Over the past decade, challenges in balancing work-life demands have increased, suggesting that a greater proportion of workers are

experiencing pressures in fulfilling their role of employee, parent, spouse, and caregiver. There are numerous aspects affecting work-family balance all contributing to the ever growing challenge. The work force continues to evolve with women's representation increasing and the demand for knowledge workers. An aging population places increasing pressures on the "sandwich" generation caught in between caring for their children and their elderly parents. In addition, technological advancements continue to reshape the way in which we work as attitudes around work continue to evolve.

A recent report⁵ on work-family balance in 2001 in comparison to 1991 indicates that over the past decade there has been a decline in work-family balance. In fact, the survey found that there has been an increase within all aspects of work-life conflict (refer to Chart 10). It is also important to note that the average time devoted to work increased from 42 to 45 hours and that the number of employees reporting high job stress more than doubled from 13% to 27%. In addition, the amount of time employees with dependents spent in family activities declined from approximately 16 to just under 11 hours per week.

Chart 10: Comparison of Work-Family Outcomes: 1991 versus 2001



II. RECENT LEGISLATIVE CONTEXT

Introduction of the Employment Insurance (EI) program in July 1996 and January 1997 was the most significant restructuring of the program in 25 years. The EI Act implemented the reforms that replaced the former Unemployment Insurance (UI) program with the EI program. The 1996 reform was designed to promote greater labour force attachment through the introduction of stronger insurance principles. The basis for eligibility was switched from weeks to hours of work. Changes also included a new benefit structure and new rules for frequent claimants, as well as stricter eligibility requirements for new and re-entrants to the labour market. Elements of the program providing support to claimants in low-income families with children were also better targeted with the introduction of the Family Supplement.

A number of additional adjustments have occurred since the reform took place.⁶ On May 10, 2001 Bill C-2 received Royal Assent introducing further modifications to EI legislation.⁷ The intensity rule, which had been implemented to discourage repeat use of EI by reducing the benefit rate of frequent EI claimants, was eliminated, retroactive to October 1, 2000. The intensity rule had proven to be ineffective in discouraging repeat use and therefore had the unintended effect of penalizing claimants who faced limited opportunities for work.⁸ The benefit repayment provision (clawback), initially introduced to reduce EI use by higher income repeat claimants, was adjusted to improve targeting and reflect changing economic realities, effective for the 2000 tax year. All first-time and special benefits claimants were exempted from the benefit repayment

⁵ Linda Duxbury & Chris Higgins, *Work-Life Balance in the New Millennium: Where Are We? Where Do We Need to Go?*, Canadian Policy Research Networks, October 2001.

⁶ For a more complete description of the evolution of EI, refer to Annex 1 of the *2001 Monitoring and Assessment Report*.

⁷ Bill C-2, (originally introduced as Bill C-44), *An Act to Amend the Employment Insurance Act and the Employment Insurance (Fishing) Regulations* received Royal Assent on May 10, 2001. Bill C-2 also contained provisions to freeze Maximum Insurable Earnings (MIE) at \$39,000 per year until the average earnings of the Industrial Aggregate reaches this level.

⁸ Since the intensity rule was eliminated effective October 1, 2000, as such no claims established during the reporting period were affected by the intensity rule.

provision. Additionally, to simplify the structure of repayment and to ensure that these provisions were appropriately targeted to higher income earners, a single threshold for repayment was set at \$48,750 of net income with a repayment rate of 30%, and the maximum repayment was limited to 30% for a person with a net income in excess of \$48,750. Lastly, changes were made to extend the Monitoring and Assessment report to 2006.

Changes were also made to the re-entrant provision to make it more responsive to parents returning to the labour force following an extended absence caring for young children. Re-entrant parents who received EI maternity and/or parental benefits in the four years prior to the normal two-year “look back” period can now access regular benefits with the same number of hours as other regular claimants in their region. In addition, the *Employment Insurance Fishing Regulations* were adjusted retroactively to December 31, 2000, to allow self-employed fishers to access the enhanced maternity, parental and sickness benefits.

In 2001, there were two adjustments to the EI regulations. First, effective August 12, 2001, the calculation of undeclared earnings was modified to make it more equitable for claimants. Second, the Small Weeks pilot project became a national and permanent feature of the program on November 18, 2001.

On March 27, 2002 Bill C-49 received Royal Assent introducing modifications regarding access to special benefits. Parents of a newborn or newly adopted child who is hospitalized for an extended period now have a window of up to two years, instead of one year, to claim parental benefits. Effective April 21, 2002, this provides flexibility for parents who choose to wait until their child comes home from hospital before filing their claim. In addition, Bill C-49 changed both the period for claiming special benefits and the maximum number of combined weeks of special benefits from 50 to 65 weeks. Prior to Bill C-49,

claimants could receive a maximum of 50 weeks of special benefits. Effective March 3, 2002, these provisions ensure full access to special benefits for biological mothers who claim sickness benefits prior to or following maternity or parental benefits.

III. SERVICE DELIVERY CONTEXT

HRDC is making increasing use of technology to make services more responsive to client needs. Canadians are using technology and they expect their government to do the same. Canadians want and expect choices on how to access services, increased electronic interactions and services relevant to their personal needs.

Businesses are also increasingly vocal about the impact of government requirements on their operations. They want government to reduce the administrative paper burden placed on them, with less costly, simplified and reduced information requirements.

Demographic pressures are also important to consider. The number of senior citizens is growing—by 2030 this group is expected to double and so will the workload at HRDC. The Department's work force is also aging and retiring. By 2015, labour force growth will be a third of the current growth rate and increasingly dependent on immigration.

Service delivery must evolve to adapt to what Canadians have come to expect from other institutions. International and domestic governments and the private sector are already responding to the need for service delivery change. Financial institutions are adopting service delivery approaches that include in-person, telephone and secure on-line transactions. Other governments are integrating service delivery improving accessibility and exploring new ways to reach and serve citizens.

In response to the challenge of serving Canadians better, HRDC is modernizing its services to create a strong client focus and to become the social face of the Government of Canada with Canadians. Modernizing Service for Canadians (MSC) is the three-year plan to help move HRDC from an organization based on programs and processes to one more focused on client needs. The MSC initiative ensures that HRDC's policies, programs and services are developed and provided to Canadians in a better, more responsive and more efficient manner. MSC is a long-term initiative that will have evolutionary and transformative results on every part of service delivery at HRDC. The overall objective is to move from an organization based on business lines, to improving integration across HRDC, and throughout all Government programs and services.

This chapter provides an overview of Part I Employment Insurance (EI) benefits under the EI Act. The first section, *Employment Insurance Clients*, provides a brief description of people who claimed EI benefits by examining various socio-economic and demographic characteristics. The second section, *Assisting Canadians in Facing the Risk of Unemployment*, examines income support provided to individuals who lose their jobs. The third section, *Supporting Working Canadians and their Families*, examines the role that EI special benefits plays in helping Canadians balance work-family responsibilities and labour market risks related to birth, parenting and illness. The impacts of key elements of EI reform and legislative changes that occurred during the reporting period are presented in Chapter 5. Throughout the chapter, data for 2001/02 is compared to 2000/01 data. Trends since 1995/96 are also discussed.

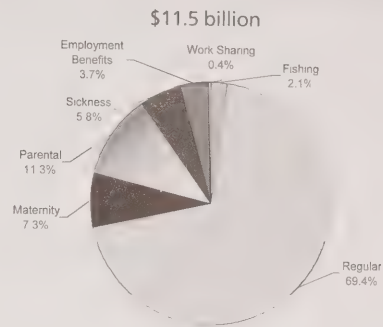
I. EMPLOYMENT INSURANCE CLIENTS

The EI program plays a key role in Canada's social safety net. Over the past 60 years, the EI program has been the main income security program for working Canadians. The core objective of EI is to provide temporary income support to insured Canadians who involuntarily lose their jobs. Over the years, the program has evolved recognizing that workers face other employment risks related to birth, parenting and illness.

Reflecting economic and labour market conditions in 2001/02, the number of EI clients increased significantly (10.0%) to 1.9 million and total benefits paid to them also increased significantly by 23.9% to \$11.5 billion (refer to Chart 1). Average weekly benefits increased 2.6% to \$304, up from \$296 in 2000/01. As noted in Chapter 1, the economic downturn in the first three quarters of the reporting period translated into a significant increase in the number of EI clients during the first (14.1%), second (13.4%) and third quarters (13.2%).

However, as the economy improved, the number of clients started to decline (-1.3%) in the final quarter of 2001/02.

Chart 1: Total Income Benefits 2001/02



Provincially, the number of clients increased significantly in Ontario (16.5%), Nunavut (12.9%), British Columbia (11.5%), Alberta (11.2%), Manitoba (8.9%), Quebec (8.0%) and Prince Edward Island (7.4%), with more modest increases in Newfoundland and Labrador (4.4%), Saskatchewan (3.8%), the Northwest Territories (2.3%), Nova Scotia (2.1%) and New Brunswick (2.1%). The Yukon was the only province/territory to experience a decline (-6.0%) in EI clients. It is interesting to note the regional distribution of participants in the program. The proportion of all clients in Atlantic Canada, Quebec, Ontario and Western provinces and Territories were 15.6%, 31.2%, 28.8%, and 24.5%, respectively. This regional balance demonstrates the EI program's importance across the country. It is also important to note that average weekly benefits varied by province, from \$281 in Prince Edward Island to \$368 in the Northwest Territories (refer to Annex 1.2), reflecting interprovincial variations in insurable earnings.

As in previous reporting periods, EI clients are more likely to work in the goods-producing sector, as the proportion of new clients within this sector was 40.7%, in comparison to a 25.5% share of the labour force. Moreover, a significant portion of clients (32.8%) were employed in the manufacturing and

construction industries, which only represent 20.6% of the labour force.

Women's participation in the program remained relatively stable at about 45% of EI claimants. The number of both female and male clients increased by about 10% in 2001/02, while benefits paid to them increased by 31% and 19%, respectively. While the increase in benefits paid to women can be traced to special benefits, the increase for men is related to regular benefits. Results show that men were particularly affected by the slowdown in the goods-producing sector and, specifically, in the manufacturing industry, with the number of male clients rising by 12.7%.

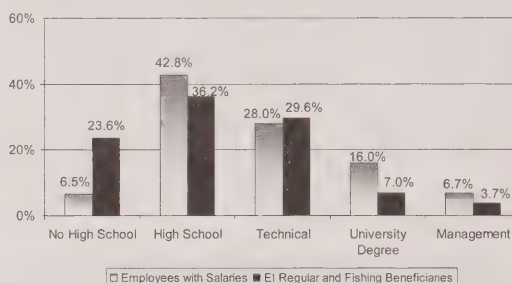
Results also indicate that youth (aged 25 and under) participation in the program increased by 7.8% in 2001/02. The number of older clients (aged 55 and over), also grew by 12.9% in 2001/02. These results are consistent with the labour market context presented in Chapter 1, where it was noted that the unemployment rates of youth and older workers increased during the reporting period.

Frequent claimants accounted for 34.7% of all regular and fishing claims in 2001/02, in comparison to 37.3% in 2000/01 and 39.3% in 1999/00.¹ While the proportion of frequent EI clients declined, the actual number of frequent clients remained relatively stable (+0.5%) at 524,794 (refer to Annex 1.7). The proportion of regular and fishing EI benefits paid to frequent claimants increased from 42.5% in 1995/96 to 43.3% in 1997/98. Since 1997/98, the proportion of regular and fishing EI benefits paid to frequent claimants has declined, to 37.5% in 2001/02.

Results show that a total of 187,320 clients from low-income families received higher weekly benefits through the Family Supplement² in 2001/02 (refer to Annex 1.13). The number of EI clients in receipt of the Family Supplement remained stable in comparison to the previous reporting period.

In Chapter 1, the growing importance of education and the increased demand for high skilled occupations were noted. It was also noted that higher levels of education were associated with lower unemployment rates and increased labour market resiliency. An examination of the occupational profile of EI regular and fishing clients is consistent with these findings. Chart 2 indicates that EI plays a much more significant role for workers with less education and those in non-managerial positions.

Chart 2: Skill Levels of EI Beneficiaries and All Employees with Salaries



II. ASSISTING CANADIANS IN FACING THE RISK OF UNEMPLOYMENT

A key function of the EI program is to provide income benefits to Canadians who experience a temporary interruption in employment earnings because they lose their job. As such, when the economy experiences a downturn as it did during this reporting period, the EI program is designed to act as an automatic macro-economic stabilizer by replacing the income of Canadians who are in transition between jobs. The program is also specifically designed to be responsive to changes in local labour markets by adjusting entrance requirements and the duration of benefits when unemployment rates change in any of the 58 economic regions (refer to Annex 1.1).

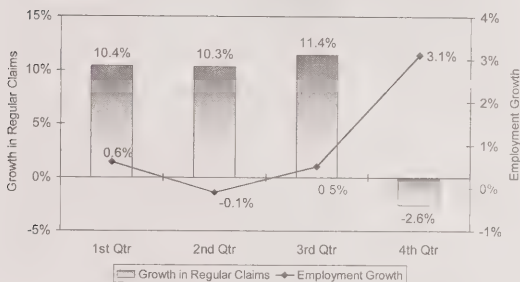
¹ Frequent claimants are defined as claimants who have made three or more regular and/or fishing claims in the past five years.

² Refer to Annex 1 of the 2000 Monitoring and Assessment Report for detailed information on the Family Supplement provision.

1. Regular Benefits

In 2001/02, the number of regular claims established under EI increased substantially (7.9%) to 1.48 million. The increase in claims is due to the economic slowdown, which started in the previous reporting period as indicated in the *2001 Monitoring and Assessment Report*. However, after significantly increasing in the first, second and third quarters, new claims declined by 2.6% in the fourth quarter (refer to Chart 3). As noted in Chapter 1, the decline in the number of claims in the fourth quarter can be traced to the recovery in economic conditions that occurred during the final quarter of the reporting period.

Chart 3: Growth in Employment and Regular Claims (2000/01 vs 2001/02)³



In 2001/02, the benefits paid to regular beneficiaries increased by 17.2%, from \$6.8 billion to \$8.0 billion (refer to Annex 1.4). The increase in benefits paid is due to the increase in the number of claims noted since the last quarter of the previous reporting period. The increase in benefits paid out can also be traced to a slight change in the average weekly benefit, which increased 2.7%, from \$297 in the last reporting period to \$305 in 2001/02.

New claims increased significantly in Ontario (14.9%), British Columbia (11.0%) and Alberta (9.7%), with more modest increases in Quebec

(5.4%), Manitoba (5.2%), Nunavut (4.4%), Newfoundland and Labrador (3.5%), Saskatchewan (1.9%) and Prince Edward Island (1.8%). Claims remained relatively stable in New Brunswick and Nova Scotia and decreased in the Northwest Territories and Yukon in 2001/02. As mentioned in last year's report, the level of EI claims tends to be a leading indicator with changes in total unemployment generally following.⁴

As noted earlier, much of the increase in claims can be tied to the slowdown in the last quarter of 2000/01 and the first three quarters of the current reporting period. In 2001/02, claims in manufacturing industries increased by 7.1% across Canada and by 8.5% in Ontario, following an increase of 15.3% and 41.5% respectively in 2000/01. Transportation and storage (15.3%) and business service sectors (28.6%) also experienced a significant increase in claims during the first three quarters of the reporting period.

Claims by women increased by 6.9%, while men's claims increased by 8.6% in 2001/02. The smaller increase in women's claims reflects continued growth in the service-producing sector, in contrast with the small decline in the goods-producing sector. Men were particularly affected by the slowdown in manufacturing, where 72% of workers are male.

The strong labour market prior to the economic slowdown, which commenced in the final quarter of the previous reporting period, resulted in longer durations of insured employment prior to making a claim for regular benefits. Consistent with last year's report, there continued to be a significant increase (13.0%) in claims by individuals with long employment spells⁵ during the reporting period. In 2001/02, there also was a modest increase (4.9%) in claims with medium

³ Growth in regular claims represents a year-over-year average, while employment growth represents changes in employment from quarter to quarter.

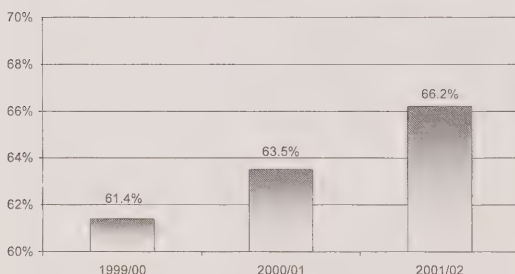
⁴ Refer to Chapter 2 of the *2001 Monitoring and Assessment Report* for analysis on EI claim volume being a leading indicator.

⁵ Claims with short employment spells are claims that just meet the entrance requirement, or have up to two weeks above the minimum entrance requirement. Claims with medium employment spells are claims that have more than two weeks over the entrance requirement, but less than six months over the minimum entrance requirement. Claims with long employment spells are claims that have at least six months more than the minimum entrance requirement.

employment spells, while claims for individuals with short employment spells decreased by 0.5% (refer to Annex 1.5).

Overall, people who accessed regular benefits during the reporting period had worked more hours than in previous reporting periods. Evidence shows that the average number of insurable hours increased by 2.6% to 1,353 hours in 2000/01, which is consistent with the increase in the number of first-time (17.6%) and occasional claimants (7.6%).⁶ This suggests that EI was accessed by individuals with strong prior work force attachment, who rely on the program less often. As a result of the increase in claims for first-time and occasional claimants, their share of claims increased during the reporting period from 63.5% to 66.2% (refer to Chart 4). In previous reports we noted that the volume of frequent claims is less likely to be influenced by fluctuations in economic cycles. Evidence in this report supports this view, as there were 499,660 frequent claims in 2001/02, almost unchanged (-0.1%) from 2000/01. However, frequent claimants' share of all claims (33.8%) and benefits paid out (36.1%) declined by 2.7 and 3.3 percentage points, respectively.

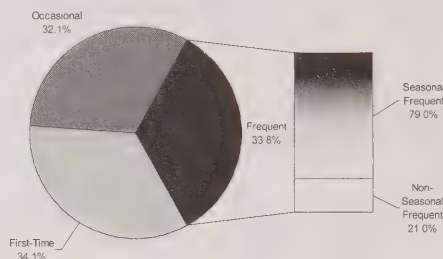
Chart 4: First-time and Occasional Claims as a Percentage of Regular Claims



Further, similar to previous reporting periods, almost 80% of all frequent regular claimants had a "seasonal" pattern of making claims

(refer to Chart 5).⁷ Men continued to file just over two thirds of all frequent claims. In 2001/02, seasonal frequent claims increased slightly by 0.1%, compared to a decline of 1.2% for non-seasonal claims. Increases in the number of frequent claims occurred in Newfoundland and Labrador (6.9%), Prince Edward Island (2.4%) and British Columbia (1.1%). The largest declines in frequent claims were in Alberta (-4.7%), and Manitoba (-2.6%).

Chart 5: Claims & Frequency of Use of Regular Benefits



In contrast to 2000/01, claims by young Canadians increased by 6.4% in 2001/02. This can be explained by the economic slowdown during the last quarter of the previous reporting period and the first three quarters of 2001/02 (an increase of 7.3%, 10.5%, 5.8% and 12.5% in claims for youth, respectively). Given their lack of seniority in the workplace, youth are usually one of the first groups to be affected during a slowdown.

As noted in Chapter 1, employment growth for older workers was strong, reflecting increased participation rates for these workers. Analysis reveals that in 2001/02, despite gains in employment, the unemployment rate for older workers rose, as their proportion of the labour force increased. As a result, EI regular claims by older workers (aged 55 and over) increased by 11.3%. It is important to note that the quarterly pattern of claims by older workers mirrors national trends, with claims increasing

⁶ Insured hours in 2000/01 were examined to reflect the fact that claims established in 2001/02 were based on insurable employment in the previous year.

⁷ Individuals who started previous claims at about the same time of the year as their current claim are considered seasonal claimants.

by 14.5%, 12.7% and 14.2% in the first three quarters respectively, but then rising only slightly (1.3%) in the final quarter of the reporting period.

2. Work Sharing

Work Sharing is designed to help employers and employees avert temporary layoffs. The program provides income support to workers eligible for EI benefits and who are willing to work a temporarily reduced work week when there is a reduction in the normal level of business activity beyond the control of the employer.⁸ Work Sharing agreements can range from 6 to 26 weeks and are approved by employee and employer representatives and by the EI Commission. Work Sharing agreements must have the support of the firms and the employees involved, and can be extended to a maximum of 38 weeks.

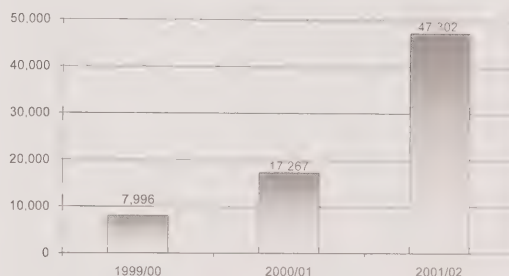
The program benefits employers by allowing them to stabilize their work force, to retain trained employees and to avoid the costly process of recruiting and training new employees when business returns to normal levels. Employees benefit by remaining employed while being compensated for the days without work. It should be noted that if the worker is laid off subsequent to Work Sharing, his/her entitlement to EI regular benefits is unaffected by the receipt of Work Sharing benefits.

Administrative data shows that the Work Sharing program is counter-cyclical, that usage increases as unemployment rates increase. The program is used more intensively during periods of economic downturn and less intensively during periods of economic recovery and growth. Results show that use of Work Sharing increased significantly in 2001/02, reflecting the economic slowdown in 2001/02 as described in Chapter 1. It is also important to note that in 2001/02, three-quarters of the Work Sharing claims commenced during the

second half of the reporting period, which can be traced to the events of September 11th. In fact, the transportation industry, which signed the largest Work Sharing agreement, made extensive use of the program during the reporting period. Nonetheless, during the reporting period, many Work Sharing agreements were signed by various industries across Canada.

Chart 6 indicates that in 2001/02, there were 47,302 new Work Sharing claims across various industries, representing an increase of 174% from the previous reporting period. Analysis indicates that two-thirds of Work Sharing program participants came from the manufacturing industry. The high concentration of manufacturing firms in Quebec and Ontario partly explains why workers in these two provinces make up a significant proportion of Work Sharing participants.

Chart 6: New Work Sharing Claims



3. Fishing Benefits

The Canadian fishing industry is a highly regulated sector. The industry is generally located in communities where there are limited employment opportunities. Fisheries and Oceans Canada determines the season, the size of the catch and the species to be harvested. Over the last decade, the commercial fishery has shifted from ground fish (e.g. cod) to higher value added species such as lobster, crab and shrimp.

⁸ For more information on the Work Sharing program, please refer to the Human Resources Development Canada Web site at <http://www18.hrdc-drhc.gc.ca/programs/WorkSharing/desc.asp>

Although fishing claims represent only 1.4% of all EI claims, they play an important role in supporting communities that depend on the fishing industry. In 2001/02, there were 30,552 fishing claims, representing an increase of 8.2% or 2,323 claims over the previous reporting period (refer to Annex 1.6) and the second consecutive year that claims have risen. Claims increased in all major fish-producing provinces, with a substantial increase in Prince Edward Island (23.9%) and more moderate increases in Nova Scotia (7.4%), British Columbia (6.6%), Newfoundland and Labrador (6.2%), Quebec (5.5%) and New Brunswick (4.4%).

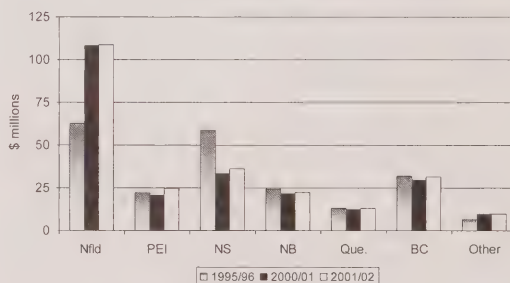
It should be noted that legislative changes following the passage of Bill C-12 made it possible for fishers to establish two claims for benefits during the same year. At the time of introducing the new regulations, not all fishers were aware of the possibility of establishing two claims during the same year and have subsequently requested that prior fishing claims be retroactively adjusted—often referred to as fishing antedates. The retroactive adjustments of prior fishing claims are processed manually and as a result the additional claims for the prior years are not captured within EI administrative data.

The administrative process of informing fishers and manually adjusting prior fishing claims has been undertaken on a regional basis. It is important to note that regions are at various stages of making the necessary adjustments. For instance, the Quebec region made adjustments to prior fishing claims in 2000/01. As a result, the volume of fishing claims in Quebec increased by 50% in 2000/01, as reported in the *2001 Monitoring and Assessment Report*. Similarly, the PEI region made adjustments in 2001/02 and the volume of fishing claims increased substantially (23.9%). Adjustments to prior fishing claims in the remaining regions are ongoing and as such, increases similar to Quebec and PEI are likely to be witnessed in future reporting periods.

In 2001/02, 96.2% of fishing claimants qualified with more than \$5,500 in insured earnings, essentially unchanged from 97% in the previous reporting period. In fact, the vast majority of fishers have earnings that are well above the new-entrant and re-entrant threshold, reflecting the ease with which fishers can qualify for benefits. Further, average weekly benefits for fishers increased by 0.7% (or \$3) to \$380. This is about 25% higher than average weekly regular benefits of \$305 and reflects the fact that fishers generally earn their annual income over a relatively short period of time and therefore have higher weekly earnings than other workers.

Fishers received \$246.9 million in EI fishing benefits in 2001/02, an increase of 4.8% from 2000/01, reflecting the rise in the number of fishing claims. Chart 7 shows that total fishing benefits paid increased in all of the major fish-producing provinces. The most significant increases in fishing benefits paid occurred in Prince Edward Island (19.7%) and Nova Scotia (9.0%). Average weekly benefits increased moderately in all provinces with major fisheries except Newfoundland and Labrador, where average weekly benefits slightly declined (-1.3%).

Chart 7: Fishing Benefits Paid



Fishing claims by men increased by 7.8%, from 23,828 to 25,677, while claims by women increased 10.8%, from 4,401 to 4,875. As noted in last year's report, this suggests a continuous trend of increased participation by women within the industry.

In 2001/02, frequent claimants made up 82.3% of fishing claims, up from 77.1% in 2000/01. Frequent claims increased by 15.5% in 2001/02, following a 14.6% increase in 2000/01. It should be noted that this represents the third consecutive increase in claims made by frequent claimants. Provincially, substantial increases in frequent claimants were observed in Prince Edward Island (26.8%), Newfoundland and Labrador (22.6%) and Nova Scotia (12.7%). Small increases were also noted in Quebec (5.6%), New Brunswick (4.2%) and British Columbia (1.5%).

III. SUPPORTING WORKING CANADIANS

1. Overview

As highlighted in Chapter 1, Canadians continue to face the challenge of balancing work and family responsibilities. Research indicates that over the past decade work-life conflict has increased significantly, suggesting that a greater proportion of workers are experiencing greater challenges in balancing their roles of employee, spouse and parent. In addition to family responsibilities related to caring for children, many Canadians are also caring for their elderly parents. The proportion of Canadians caught in this “sandwich generation” has increased from 9.5% to 15% in the past decade.⁹ And within the context of the aging population, more and more Canadians are expected to be faced with increasing family responsibilities.

The EI program provides three types of special benefits designed to support workers when they experience an interruption of earnings due to illness, childbirth or parenting. Maternity benefits are payable to biological

mothers for work missed as a result of pregnancy and childbirth, parental benefits are payable to both biological and adoptive parents due to a separation from work to care for a newly born or adopted child, and sickness benefits are payable to claimants who are unable to work due to illness or injury. Further, the Government has made a commitment to ensure that Canadians can provide compassionate care for a gravely ill or dying child, parent or spouse without putting their jobs or incomes at risk.

As indicated in the *2001 Monitoring and Assessment Report*, effective December 31, 2000, changes were made to enhance the duration, flexibility and accessibility of parental benefits.¹⁰ Thus, the 2002 Report represents the first full reporting period¹¹ during which enhanced parental benefits were paid.

In 2001/02, there were 465,920 new special benefit claims, an increase of 9.5% from 2000/01 (refer to Annex 1.8). As in previous years, women continue to account for almost three-quarters (72%) of all special benefits claims, while approximately 12.3% of special benefits claims were made by youth, approximately the same proportion as last year. In 2001/02, the average number of weeks paid for special benefits increased by 6 weeks, averaging 25.6 weeks compared to 19.7 weeks in 2000/01. This increase can be traced to the enhancement of parental benefits.

Total special benefits payments increased by \$980.9 million or 53.6% to \$2.8 billion, reflecting changes made to parental benefits in 2000. As a result of the increase in parental entitlement (35 weeks), special benefits paid as a proportion of total income benefits increased to 24.4% from 19.7% in 2000/01 and 13.6%

⁹ Judith L. MacBride-King & Kimberley Bachmann, *Is Work-Life Balance Still an Issue for Canadians and Their Employers? You bet It Is!*, The Conference Board of Canada, June 1999.

¹⁰ Duration of parental benefits was increased from 10 to 35 weeks. Accessibility was also improved by reducing the entrance requirement for all special benefits from 700 to 600 hours of insurable employment. Finally, flexibility was improved by allowing parents sharing benefits to serve only one two-week waiting period; and by allowing parents to earn the greater of \$50 or 25 percent of their weekly parental benefits without losing benefit dollar for dollar.

¹¹ Results on parental benefits vary slightly from the results made public on November 6, 2002. The 2002 Report publishes data on a fiscal year basis, while the results made public in November are on a calendar year basis.

prior to EI reform (1995/96). Similarly, for the first time, the proportion of total special benefit payments paid for parental benefits (46.3%) exceeded maternity benefits (30.0%). The average weekly benefits for all special benefits paid increased by 2.3% to \$287. It should be noted that, effective tax year 2000, special benefits were exempt from the benefit repayment provision.¹²

2. Maternity Benefits

Claims for maternity benefits increased significantly in 2001/02, increasing by 9.9% from 175,620 to 193,020. Total payments for maternity benefits were \$842.9 million, up 15.8% from 2000/01, and the average weekly benefit for all maternity claims was \$294, an increase of 2.6% from 2000/01. The average number of weeks for which maternity benefits were paid remained stable at 14.6 weeks or 97.3% of their entitlement (15 weeks).

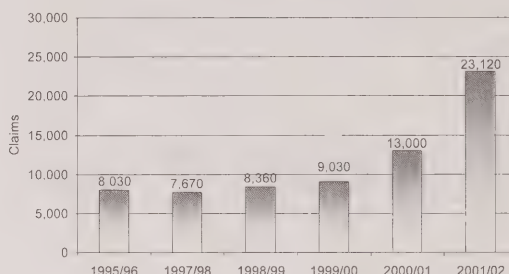
The increase in maternity claims can be traced to the reduction in the required hours of insurable employment from 700 to 600 hours, as well as a greater representation of women in paid insurable employment. In 2001/02, there were about 7,550 individuals who qualified for benefits as a result of the reduction in the entrance requirement.

3. Parental Benefits

Claims for biological and adoptive parental benefits increased 17.7%, from 179,560 to 211,270, representing the second year that parental claims have exceeded maternity claims. This is significant because it indicates that parents are increasingly sharing their benefits. Of particular note is the significant increase in biological parental claims by men. In 2001/02, men's claims for biological parental benefits increased by 77.8%, from 13,000 to 23,120 (refer to Chart 8). In 2001/02, total payments for parental benefits increased by

\$814.2 million or 167.3% to \$1.3 billion, reflecting the enhancements made to parental benefits. The average weekly benefit for biological parents was \$306, an increase of 3.1%. Average weekly benefits for adoptive parents increased 2.3% to \$351.

Chart 8: Male Parental (Biological Claims)



Parents are taking advantage of the enhanced duration by collecting benefits over longer periods. Evidence indicates that the average weeks for which parental (biological) benefits were paid was 28.2 weeks¹³ or 81% of their entitlement, up from 9.5 weeks in 2000/01. When combined with maternity benefits and the waiting period, it can be said that parents are using 86.2% of the full year available to them. Adoptive parents in receipt of parental benefits were on claim for an average of 27.9 weeks or 79.8% of their entitlement (35 weeks), up from 12.2 weeks or 81.6% of their entitlement (15 weeks) in 2000/01.

Although results indicate increased sharing between parents, women continue to be the primary caregiver. The majority of new parental claims in 2001/02 was for women (88.8%), marking a moderate decline from 92.7% in 2000/01. Further, females in receipt of parental leave were on claim for an average of 29.7 weeks, while males were on claim for 15.0 weeks. It is worth noting that while the proportion of EI parental claims and benefits

¹² Prior to the passage of Bill C-2, special benefits claimants with a net income above \$48,750 were required to repay 30% of their net income above the threshold or 30% of benefits, whichever is less. For more information on the benefit repayment provision, refer to Chapter 5.

¹³ To ensure that the analysis of weeks paid is based on completed claims, the data covers all claims commencing during the first half of the reporting period.

paid to women continues to be high, the proportion has been declining since EI reform, with the most significant decline during 2001/02.

While the enhancements to parental benefits appear to be providing the needed support to families, it should be noted that 2001/02 was a transition period from the previous parental benefits regime and not all claims that started during the reporting period were completed. The use of parental benefits will continue to be monitored as the enhanced regime reaches full maturity in 2002/03.

4. Sickness Benefits

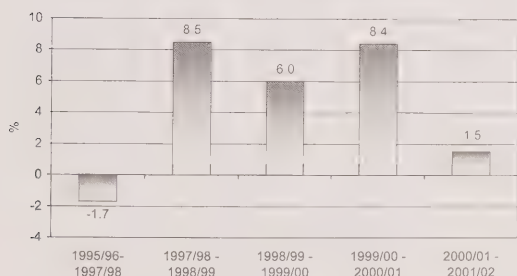
In 2001/02 the number of sickness claims (256,580) increased by 1.5% in comparison to the previous reporting period (refer to Chart 9). Total payments for sickness benefits increased 8.4% to \$667.0 million. The increase in benefits paid reflects the fact that claims increased 6.9% in the fourth quarter of the previous reporting period and, therefore, a large proportion of benefits associated with these claims were paid in the current reporting period when claims were completed. The average weekly benefit level for sickness claims was \$271, an increase of 1.0% over 2000/01. The average number of weeks for which sickness benefits were paid remained stable at 9.4 weeks, or 62.7% of entitlement.

During the reporting period, sickness claims remained stable for women at 149,010 (+0.1%) compared to an increase of 3.6% (107,570) for men. Although women continue to account for the majority of sickness claims, their share of claims declined 0.8 percentage points to 58.1%. Claims declined for both youth (-1.0%) and prime-aged workers (-3.3%), while claims increased by 9.5% for individuals 45 and over, reflecting the higher incidence of illness within this age category.

In a continuous effort to monitor the use of sickness benefits, an analysis using EI administrative data and historical labour market trends was conducted for each of the last three reporting periods. In the last reporting period, results indicated that a majority of the increase in sickness claims since EI reform was attributable to “pure” sickness claims, that is, claims that are not combined with regular or maternity/parental benefits. This result suggests that the growth in sickness claims was attributable to fundamental labour market trends. In fact, the analysis revealed that most of the growth in pure claims since EI reform could be attributed to a combination of growth in paid-employment, an aging population and year-to-year volatility in claims.

In the previous reporting period, it was indicated that the remainder of the increase was attributable to rising “mixed claims,” or sickness benefits claims in conjunction with either regular or maternity/parental benefits. However, mixed claims declined by 0.5% during this reporting period. As indicated in last year’s report, the parental benefit enhancements have caused mixed maternity/parental claims to stop growing given the additional duration provided under the enhanced parental benefits. In fact, a recent COEP study¹⁴ confirms that the introduction of enhanced parental benefits reduced the likelihood of claiming sickness benefits in conjunction with maternity/parental benefits. The use of sickness benefits will continue to be monitored in the future.

Chart 9: Growth in Sickness Claims



¹⁴ Forthcoming study – *Usage of Sickness Benefits*, HRDC.

IV. SUMMING UP

Chapter 2 indicated that there was a substantial increase in the use of income benefits during this reporting period. This increase can be traced to both regular and special benefits.

As indicated earlier, the core function of regular benefits is to provide income support to Canadians who are unemployed. It was observed that regular claims and benefits paid increased in response to the economic downturn experienced during the first three quarters of the reporting period. However, the increased use of regular benefits slowed down as the economy started to recover with Gross Domestic Product (GDP) and employment growing respectively by a solid 6.0% and 3.1% during the last quarter of the reporting period.

Special benefits are paid to Canadians to help them face employment risks related to birth, parenting and illness and to help them balance work-family responsibilities. Special claims and benefits paid increased substantially during the reporting period as this was the first full reporting period that enhanced parental benefits were in place. The overwhelming response of Canadians in accessing maternity and parental benefits served to underscore the importance of the other fundamental role of the program, which is to support Canadians in balancing work and family responsibilities.

Results presented in this chapter will be explored more closely in Chapter 5 as the impacts of the EI program on the economy, individuals, and communities are examined. Specifically, Chapter 5 will report on numerous outcome indicators such as those related to access and coverage, income adequacy, and work force attachment.

Activities funded under Part II of the *Employment Insurance (EI) Act* represent important contributions to building the skills of Canadians and enabling people to learn what will help them to obtain and maintain employment. These activities also encompass services that help improve the functioning of the Canadian, provincial and territorial labour markets. Such activities include services provided by the National Employment Service (NES) and Employment Benefits and Support Measures (EBSMs). They also include similar benefits and measures in regions where responsibilities have been transferred to provincial or territorial governments under Labour Market Development Agreements (LMDAs)¹ and to Aboriginal groups under the Aboriginal Human Resources Development Strategy (AHRDS). Throughout this chapter, data for 2001/02 are compared to data for 2000/01, unless otherwise noted.² References to EBSMs include similar benefits and measures delivered by provinces and territories.

During 2001/02, the slowing of the economy resulted in an increased demand for Part II funded activities, which is reflected in the number of clients served. This, combined with the growing demand for skilled workers, resulted in increased use of Part II funded programs and services.

I. OVERVIEW

1. NES

The National Employment Service was established to help workers find suitable employment and employers find suitable workers. It also provides assistance such as career counselling, résumé writing, guidance on job search techniques, access to labour market information (LMI) and other support measures, discussed below.

2. EBSMs

Employment Benefits and Support Measures (EBSMs) refer to the active benefits and measures established under Part II of the EI Act.³ Under section 63 of the *Employment Insurance Act*, provinces and territories that have taken on the responsibility for EBSMs under Labour Market Development Agreements with the Government of Canada may choose to address skill, related learning and other employment needs by offering programs that are similar to EBSMs. Those governments are responsible for designing and delivering their programs. Aboriginal organizations also deliver similar programming under Aboriginal Human Resources Development Agreements.

There are four main Employment Benefits: Targeted Wage Subsidies (TWS); Self-Employment (SE); Job Creation Partnerships (JCP); and Skills Development (SD). In general, all involve long duration interventions with clients and are referred to as employment programs. A fifth Employment Benefit, the Targeted Earnings Supplement, was not used in 2001/02 but Quebec used its *Supplément de retour au travail* (SRT), which was a similar, short duration intervention.

There are three Support Measures: Employment Assistance Services (EAS), Labour Market Partnerships (LMP), and Research and Innovation (R&I). EAS is a short duration intervention for individuals and is categorized as an employment service. The other two, LMP and R&I, are mechanisms through which general assistance can be provided to partners. More information on LMP and R&I can be found in the pan-Canadian section later in this chapter.

Individual Counselling and Employment Group Services, which are delivered by the National Employment Service, are also short in duration

¹ Please refer to Annex 2.2 for more information on LMDAs.

² Numbers quoted throughout this report may differ from those published in HRDC's Departmental Performance Report (DPR). The DPR is based on information available at the end of September and does not necessarily reflect year-end figures.

³ The EBSMs are described in detail in Annex 2.2.

and are considered employment service interventions.

3. Eligibility

To be eligible for Employment Benefits funded through the EI Account, individuals must be unemployed and have a current EI claim, "active EI client," or a claim that ended in the preceding three years, "former EI client." Those who began a maternity or parental claim in the preceding five years, after which they left the labour market to care for their newborn or newly adopted children, also qualify as former EI clients and are eligible for Employment Benefits upon re-entry into the labour market. Unemployed individuals who are neither active nor former EI clients are considered "non-insured" and are eligible only for those employment services available under the EAS support measure or other employment services provided by the NES.

4. Priorities and EBSM Use

In all jurisdictions there is a clear recognition of the growing demand for more skilled workers. By 2004 it is projected that 70% of all new jobs in Canada will require some form of a post-secondary education and only 6% of new jobs will go to people who have not finished high school. Despite this, nearly eight million adult Canadians have low or very low literacy levels. Employers routinely draw attention to specific skills and job vacancies that they cannot fill. Those facts, combined with the needs of specific groups and communities, led to significant investments in activities designed to enable individuals to build their skills and position themselves to meet the needs of employers.

Planning and decisions during the year reflected broader economic trends that were noted in Chapter 1. In particular, while employment increased in 2001/02, it was at a slower rate than in 2000/01. The events of September 11th resulted in job losses in sectors such as air travel, leading to more people requiring assistance. Between January and

March 2002, the Canadian economy began to generate a significant number of jobs.

In general, although there may be slight variations of these priorities, an assessment of the 2001/02 annual plans for different regions provides four regional/provincial/territorial priorities that were common to most jurisdictions.

These factors influenced the two common, ongoing priorities for meeting the needs of individuals:

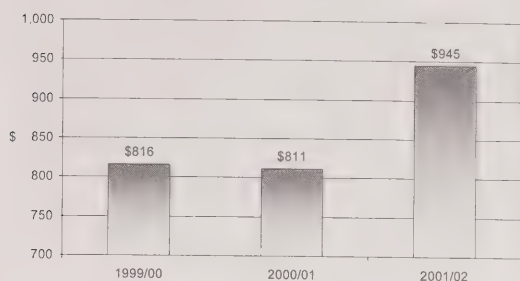
- helping individuals receive the proper training for the right jobs, including self-employment (i.e., helping individuals to determine what is appropriate for them given their interests, aptitudes, abilities and the labour market outlook for the occupation of interest); and
- addressing the needs of individuals that are at the greatest risk (i.e., becoming dependent on social assistance or presently having no attachment to the labour market and/or no income support).

The ongoing effort to ensure effective, accountable responses to skill needs in Canada's labour market was also incorporated into two additional priorities across all jurisdictions:

- providing timely and accurate labour market information; and
- ensuring that the diverse needs of individuals are met through an appropriate balance of employment benefits and support measures.

An example of how these priorities have been applied is the growth of Part II spending on the Skills Development program. Expenditures on SD have increased by over \$100M since 1999/00 (refer to Chart 1).

Chart 1: SD Expenditure (M\$)



Different jurisdictions refine their priorities to reflect their specific economic contexts, which includes balancing the needs of individuals with labour market conditions. For example, in Alberta where the unemployment rate is low, SD (apprenticeship) is used mainly to increase the skills of workers. The very active labour market in Ontario has led to significant demand for labour exchange activities, such as those supported under the Employment Assistance Services Support Measure.

5. Clients

In 2001/02, 570,200 individuals were served by the staff of Human Resources Development Canada, a provincial or territorial department or agency, or an organization with an Aboriginal Human Resources Development Agreement.⁴ This number does not include individuals who used self-serve options. Individuals aged 30 and over accounted for over 60% of those served. Individuals age 45 and over received 21.7% of all interventions. Women accounted for 43.1% of clients served (refer to Annex 2.3). On average, each individual took part in 1.39 interventions.

During the reference period, the number of clients served through EBSMs increased by 24.5%. This can be linked to the 7.9% increase in regular claims over the same period. While the number of active EI claimants increased by 24.5% to 356,249, the proportion of clients served that were active remained stable at 62.5%.

**Table 1
EBSM Clients served by client types**

	2000/01	2001/02	Variance
Active EI Clients	286,184 (62.5%)	356,249 (62.5%)	+70,065 (+24.5%)
Former EI Clients	79,747 (17.4%)	73,487 (12.9%)	-6,260 (-7.8%)
Non-EI Clients	91,908 (20.1%)	140,464 (24.6%)	+48,556 (+52.8%)
Total	457,839 (100%)	570,200 (100%)	+112,361 (+24.5%)

During the same period the number of former claimants declined 7.8% to 73,487, which translated into a relative decline of 4.5 percentage points to 12.9% of all clients served.

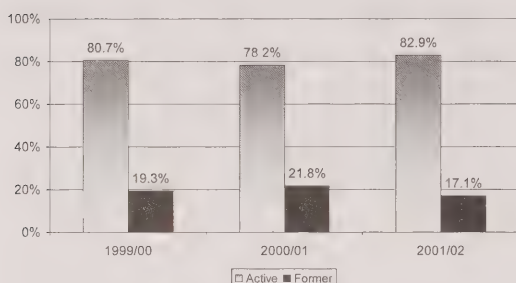
Conversely, the share of non-insured clients served increased by 4.5 percentage points to 24.6% (refer to Table 1 and Annex 2.4). That rise to 140,464 reflected an increase of 48,556 clients (52.8%). This change stems mainly from a clarification provided by HRDC for reporting this type of client when they participate in EAS or Counselling interventions funded under Part II, rather than a real shift in client types. This improved reporting has mainly affected the number of non-insured clients recorded for Quebec, which is almost four times that reported in 2000/01. Other factors contributing to the increase in non-insured include implementation of mechanisms to gather third party data and improvements to existing data capture by third parties. Compatibility of data capture methods between HRDC and the jurisdictions remains a challenge in some cases.

As shown in Chart 2 (which excludes non-insured clients), active claimants represent a much larger proportion of the EI clients served under Part II. Several factors or issues that may be contributing to this service pattern have been identified and will require further analysis and research. At present, these include: the timing of service (the point in a claim when a client receives assistance); referral processes between regional, provincial and territorial

⁴ As a result of a methodology adjustment, overall client counts and related interventions in the current report may be slightly higher (4-5%) than those numbers presented in the 2001 *Monitoring and Assessment Report*. The impact of this does not significantly affect the analysis presented here.

offices; data capture as it relates to former claimants; a possible focus on active claimants to achieve unpaid benefits; and finally, determining what should be considered the appropriate balance between active and former claimants. It is expected that data resulting from the summative evaluations (refer to Section III for additional information) will shed greater light on this issue and should allow for a better understanding of service to both the active and former claimant groups. As such, this will be addressed in future reports.

Chart 2: Client Distribution



6. Designated Groups

Nationally, the participation level of all designated groups remained within a percentage point of that reported in 2000/01 (refer to Table 2 and Annexes 2.5-2.8). Variations noted from one year to the next are not unexpected, given the practice of self-identification but the data can provide a general indication of trends in designated group participation.

Table 2 Designated Group Participation in EBSM Interventions*			
	2000/01	2001/02	Variance**
Women	45.5%	44.6%	-0.9
Persons with Disabilities	3.7%	3.8%	+0.1
Aboriginal Peoples	7.1%	6.6%	-0.5
Visible Minorities	5.2%	5.1%	-0.1

* Based on data contained in Annexes 2.5-2.8
 ** Calculated in percentage points

The participation of designated groups in programs and services, and the changes between 2000/01 and 2001/02 are as follows:

Employment Programs

- The participation of women in programs decreased by 2.6 percentage points to account for 35.7% of program interventions. It is important to point out that apprenticeship data (where the participation of women and men is historically quite different) acts to lower the overall participation of women in employment programs. Without apprenticeship data the participation of women in programs is approximately 44%.
- The remaining designated groups were stable:
 - Persons with Disabilities – 2.3% (-0.1 percentage points);
 - Aboriginal Peoples – 2.5% (-0.4 percentage points); and
 - Visible Minorities – 2.8% (+0.3 percentage points).

Employment Services

- The participation of women declined 1.2 percentage points to 47.8%.
- The participation of Aboriginal peoples decreased by 1.2 percentage points to 5.1%.
- The remaining designated groups were stable:
 - Persons with Disabilities – 4.4% (0.0 percentage points); and
 - Visible Minorities – 6.0% (-0.6 percentage points).

Noteworthy in 2001/02 designated group data is the participation of women in the Skills Development benefit. As a result of separating Apprentices from regular SD clients the participation of women in regular SD interventions is now recorded as 44.9%, compared to 35.0% in 2000/01, prior to the

separate reporting of apprentices. Conversely, women represent 4.3% of apprentice clients.

During 2001/02 men and women were affected differently by the downturn in the labour market. The slight decreases in the percentage of female EBSM clients and interventions may be linked to increased demand in the service sector, where traditionally more women are employed, and a decrease in the manufacturing sector, where traditionally more men are employed. This would act to increase the number of men seeking service through EBSMs, which decreases the proportional representation of women.

7. Interventions,⁵ "Other" Assistance and Tools

"Interventions" include the full range of employment programs and employment services that are provided under EBSMs. In general, employment programs are longer in duration than employment services. The interventions reported are those that began between April 1, 2001 and March 31, 2002.

In 2001/02, 795,300 interventions started, compared to 619,402 in 2000/01. Employment services accounted for 74.6% of these interventions. Employment programs and interventions under pan-Canadian activities accounted for 23.3% and 2.1%, respectively. Pan-Canadian activities are explained in greater detail below (Table 3 and Annex 2.9 provide detailed intervention information).

Employment Programs

More employment programs started in 2001/02 than in 2000/01, 185,322 compared to 182,643. A large part of this increase is attributable to Ontario. However, proportionally, the use of employment programs decreased 6.2 percentage points to 23.3%, compared to 29.5% in 2000/01. A proportional decrease occurred in all jurisdictions except

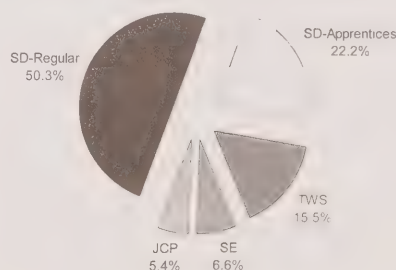
Newfoundland and Labrador and Nova Scotia. This proportional decrease is, to a large extent, due to the increased use of services rather than a decrease in the use of programs.

**Table 3
EBSM Interventions**

	2000/01	2001/02	Variance
Employment Program Interventions	182,643 (29.5%)	185,322 (23.3%)	+2,679 (+1.5%)
Employment Service Interventions	424,387 (68.5%)	593,437 (74.6%)	+169,050 (+39.8%)
Pan-Canadian Interventions	12,372 (2.0%)	16,541 (2.1%)	+4,169 (+33.7%)
Total	619,402 (100%)	795,300 (100%)	+175,898 (+28.4%)

As shown in Chart 3, SD remained the most commonly used program, which shows the strong interest that clients and governments have in increasing skills to meet more competitive labour market demands. Nationally, regular SD and SD Apprentices accounted for 72.5% of program interventions, compared to 71.5% in 2000/01. Regionally, SD use varied from a low of approximately 61% to a high of approximately 87% of employment programs.⁶

Chart 3: Employment Program Distribution by Intervention



Analysis of 2001/02 data at the national level indicates that, overall, Part II expenditures related to SD increased by approximately 17%. The number of interventions started during the

⁵ Note that interventions are not representative of the number of clients (individuals) served. For example, one client may have two different interventions, thus resulting in a client count of one but an intervention count of two.

⁶ NWT data shows SD use as representing 91% of program interventions but given the small client base it was not included in this analysis.

year also increased but by a smaller amount, approximately 3%. This implies greater expenses for fewer clients.

To explain this, some jurisdictions have indicated that individuals are participating in longer SD interventions to gain more skills and become more competitive in the knowledge economy. This would mean that SD expenses would carry over from one year to the next whereas the associated intervention count would only be counted in the year in which it started. It should also be noted that the costs associated with SD interventions are affected by factors such as higher tuition costs and cost of living increases for individuals taking part in programs. Further, in some jurisdictions, active EI clients are receiving service later in their claim. This could cause Part II expenditures to increase, as claimants would have fewer Part I benefits to draw on while on training.

Apprenticeship

During 2001/02, slightly more than 22% of the new start interventions recorded under employment programs were apprentices. Apprenticeship training under SD allows active EI claimants to become certified journeypersons in trades that are identified by the provinces and territories. For example, in Manitoba, a 32-week program funded through EI Part II trained workers in motor vehicle repair.

Apprenticeship activities meet an important demand for highly skilled workers in trades, many of which face the challenge of a rapidly aging work force. People who complete their apprenticeships have skills that help them to stay employed. Employers also benefit from apprenticeship, as it can be used as a way to ensure that the skill sets they require are available in an aging work force.

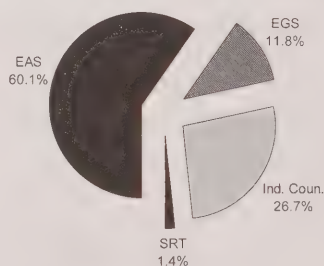
Funding for apprentices comes mainly from Part I. Individuals receiving EI Part I who take part in the classroom portion of apprenticeship training are given referrals under the authority of section 25 of the EI Act so that they can

continue to receive Part I benefits while apprenticing. In addition to Part I income benefits, depending on the model adopted by jurisdictions, apprentices may receive Part II support to cover additional expenses, such as travel. Although individuals are responsible for paying their own tuition costs, it should be pointed out that agreements, which vary from region to region, are in place with the provinces/territories to cover certain expenses. In some jurisdictions apprentices are included in these agreements.

Employment Services

In 2001/02, there were 593,437 employment service interventions, an increase of 39.8%. This increase is partially attributable to the aforementioned clarification surrounding the reporting of non-insured clients. This increase in non-insured clients acts to increase the number of service interventions delivered. As a result of this, services also increased as a proportion of all new interventions started, to 74.6% in 2001/02 compared to 68.5% in 2000/01. The increase in services also somewhat reflects the increase in regular claims. Clients taking part in services are generally job ready and are best assisted through this type of intervention. This emphasizes the importance of this type of intervention in assisting recently unemployed job ready clients. As shown in Chart 4, EAS accounted for over half of the employment services.

Chart 4: Employment Services Distribution by Type



The largest increases in employment service use occurred in Quebec, Ontario, Manitoba,

Saskatchewan and British Columbia. This reflects the increase in non-insured clients described above, as these individuals were only eligible for employment services. The increase in Saskatchewan is the result of a resolution of a data exchange issue pertaining to Individual Counselling. Data for Saskatchewan in the previous reporting period was incomplete. Newfoundland and Labrador and Nova Scotia were the only jurisdictions that reported declines in the use of employment services.

Pan-Canadian Activities

Some pan-Canadian activities also address the skill needs of specific designated groups. In particular, the 16,541 pan-Canadian interventions during 2001/02 were under the Aboriginal Human Resources Development Strategy (AHRDS), which receives approximately one quarter of its total funding from EI Part II. The remainder of AHRDS funding comes from the Consolidated Revenue Fund. Individuals served under the AHRDS take part in programming similar to EBSMs. Under the AHRDS, HRDC negotiates agreements with Aboriginal organizations to give them the authority to design and deliver programs and services that reflect and serve Aboriginal needs for skills, learning and related services at the community level.

Other pan-Canadian activities, such as those funded under LMP, may be used to support interest specific groups (i.e. employers and unions) that have come together to address common human resource issues, such as skills shortages. The Sectoral Partnerships Initiative (SPI) is an example of this type of activity that supports partners representative of sectors ranging from Biotechnology to Automotive Repair and Service. The SPI also focuses on the development of sectoral career information. The target group for these activities is young people who are exploring their potential opportunities and the skills and learning needed for them, as well as the counsellors and parents who offer them advice.

Youth also receive funding in support of the Youth Awareness initiative, which includes human resource management and planning activities to help employers and communities prepare for and meet the requirements of the labour market.

Research and Innovation pan-Canadian projects fund activities that identify better ways of helping people prepare for or keep employment and be productive participants in the labour market. R&I projects must have a research design. During 2001/02, activities included projects to test the use of Employment Insurance funds to enhance the employability of individuals and test the effectiveness of providing financial assistance incentives for low-income Canadians.

NES Activity

Activities that support NES include maintaining the Job Bank and providing labour market information. The Job Bank is a self-serve product that provides a listing of jobs provided by employers across Canada. During 2001/02, Job Bank was improved to include the capability for employers to enter their own job advertisements via a new Internet application entitled Job Bank for Employers. During 2001 there were approximately 52 million user sessions, almost double the number of user sessions recorded in the previous year.

Providing labour market information (LMI) to Canadians ensures that they have the information required to make better decisions about jobs and transitions throughout their working lives. LMI can assist job seekers, career decision-makers, workers, providers of employment services, community development organizations and employers. During 2001/02, a new prototype for making LMI available on the Internet was developed and focus tested. As a result of this, information on local labour markets will now be available through more user-friendly subject headings and will be provided according to specific user requests.

Table 4
EBSMs Expenditures by Intervention
(\$000s)

	2000/01	2001/02	Variance
Part II			
Employment Programs	1,136,089 (58.6%)	1,251,203 (60.0%)	+115,114 (+10.1%)
Employment Services	399,966 (20.6%)	461,356 (22.1%)	+61,390 (+15.3%)
Other (includes pan-Canadian)	402,797 (20.8%)	371,112 (17.8%)	-31,685 (-7.9%)
Total Part II	1,938,852 (100%)	2,083,671 (100%)	+144,819 (+7.5%)
Part I			
EBSMs and Pan-Canadian	397,817	423,220	+25,403 (+6.4%)
Part I and Part II			
Total Expenditure	2,336,669	2,506,891	+170,222 (+7.3%)

Source: Corporate Management System

Adjustment activity

Other activities, such as those funded under LMP, may address the specific needs of individuals employed in industries or sectors in distress, as was the case with the aviation sector following the events of September 11th. Adjustment programs, such as the Aviation Action Centre in the Ontario region, are designed to meet a full range of short and medium-term needs, including assistance for laid off workers who are seeking immediate re-employment and/or educational and skills upgrading.

Financial Expenditures

The number of individuals served, client type, number of weeks exhausted when starting an intervention, the number of interventions started, as well as the type, duration and cost of a particular intervention are among the many factors that affect Part II expenditures. For example, the cost of training under SD may fluctuate from one year to the next. Similarly,

TWS depend on, among other things, the duration of individual subsidies. In all cases, the needs of the individual and labour market conditions are the main determinants of the type of intervention(s) required and the resulting cost.

In 2001/02, total Part II expenditures were \$2.084B. This is an increased expenditure, of the existing allocation, of almost \$145M over 2000/01. This increase occurred in both program and service interventions with the largest increases occurring in Skills Development and EAS (refer to Table 4 and Annex 2.11). Overall pan-Canadian and other expenditures decreased by \$31.7M (7.9%).

Part I income support payments to active claimants taking part in employment programs increased by slightly more than \$25M. Long-term training under Skills Development accounted for most of this increase. A more detailed financial assessment tends to confirm the emphasis that is placed on training to assist individuals to better deal with the labour market.

II. RESULTS

The results in this section are presented in terms of:

1. Client Satisfaction
2. Returns to Work and Unpaid Benefits
3. Returns to Work by Intervention

1. Client Satisfaction⁷

In May 2000, the Treasury Board approved a federal government-wide Service Improvement Initiative. In February and March 2002, HRDC commissioned a telephone survey of its EBSM clients who were asked to rate the service received in the previous six months. The clients contacted had participated in TWS, JCP, SD, and Employment Counselling that HRDC had provided directly to them, a group that represents slightly less than 10% of all EBSM clients. All these clients are in Newfoundland

⁷ A total of 1,000 interviews were completed by phone between February 27 and March 19, 2002. Respondents were asked to rate the service they received in the previous six months. Based on a sample of this size, the national results are considered to be accurate within +/-3.2%, 19 times out of 20 (most conservative estimate).

and Labrador, Nova Scotia, P.E.I., Ontario, British Columbia and Yukon, where HRDC serves clients directly.

- Of surveyed clients, 83% were satisfied with the overall quality of service from HRDC related to their participation in training and employment programs or services. Nearly half (48%) were very satisfied, with only 5% expressing dissatisfaction.
- Of HRDC Skills Development clients, 89% were satisfied with the quality of service, with over half (56%) indicating that they were very satisfied. Only 2% expressed dissatisfaction.
- Of HRDC Targeted Wage Subsidies clients, 88% were satisfied with the quality of service, with over two-thirds (71%) indicating that they were very satisfied. Only 6% expressed dissatisfaction.
- Of HRDC Employment Counselling clients, 80% were satisfied, with over half (54%) indicating that they were very satisfied. Only 3% expressed dissatisfaction.
- Of HRDC Job Creation Partnerships clients, 81% were satisfied, with 70% indicating that they were very satisfied. Only 5% expressed dissatisfaction.

Overall, only 14% of clients surveyed felt that service fell short of their expectations. However, there were indications of specific areas requiring attention by HRDC. For example, only 65% of clients were satisfied with the extent to which they were informed about HRDC's training and employment programs and services, and how to access them. The same was true regarding satisfaction with the written information they received regarding HRDC's services and the amount of time they were required to wait for service.

2. Returns to Work and Unpaid Benefits

The use of EBSMs is designed to enable improved employment results, through more skills, better knowledge, access to opportunities to gain work experience and other impacts. However, results in any one jurisdiction are influenced by local and regional labour market characteristics and the way programs and services are delivered. This makes it very difficult to make productive comparisons across jurisdictions. Moreover, for some types of interventions, expenditures in one year do not produce results until the following year. Therefore, current year results may not correspond to current year expenditures.

"Returns to work" and "unpaid benefits" have been identified as the key short-term success indicators for clients participating in EBSMs and similar programs and services. It should be noted that these indicators are gross and do not refer to the net impacts of programs and services. Information pertaining to net impacts will be addressed through the medium-term impacts project (discussed further under the Future Directions section at the end of this chapter). "Returns to work" refers to the number of insured participants who are working in paid employment and have received support through EBSMs or similar programs. "Unpaid benefits" refers to the amount of unpaid Part I benefits to active EI clients. It is determined as the difference between an individual's maximum entitlement to regular income benefits and the actual payout of such benefits.

During 2001/02, a total of 187,938 EBSM clients returned to work, a decline of 8.8%. The return to work of active EI clients before the end of their benefit period resulted in \$650.8M in unpaid benefits, a decline of 10.9% (refer to Annex 2.13). These returns to work numbers include only active and former EI clients who returned to employment between April 1, 2001 and March 31, 2002.

The overall decline in these two key indicators corresponds to an increase in the unemployment rate. Although the unemployment rate remained one of the lowest in the last 25 years, it was slightly higher than in 2000/01. This was combined with slower employment growth. As a result, individuals who took part in programs and services were faced with reduced opportunities for employment. Reduced job opportunities in the labour market may mean that individuals are more likely to take part in more or longer programs. Data for the current reference period supports this, showing that the numbers of employment program interventions and expenditures have increased.

A deeper analysis of return to work data shows that there is an increase in the return to work after the end of the EI benefit period. This coincides with a decrease in the number of returns to work before the end of the EI benefit period. This tends to indicate that active claimants are being served later in their claim and/or they participate in longer interventions. This occurred in most jurisdictions. It should also be noted that services received by non-insured clients that end in returns to work are not included here.

In addition to the results noted above, AHRDA holders administered programs and services that resulted in the return to work of 7,451 Aboriginal people, compared to 4,651 in 2000/01. As well, unpaid benefits associated with the return to work of AHRDA clients totalled \$13.8M, compared to \$8.8M in 2000/01. As stated in the last two editions of this report, increased results associated with AHRDA agreements stem mainly from improved understanding of programming and service delivery, in both HRDC and within Aboriginal organizations. Further, data capture practices within Aboriginal organizations continued to improve.

3. Returns to Work by Intervention

The results data for 2001/02 have been presented by intervention. Data for 2001/02 indicate that approximately 74% of the EBSM clients who returned to work received only one intervention. Only 26% of participants took part in more than one intervention. To address those instances where more than one intervention was used a hierarchy of results was necessary to associate one result with one intervention. To this end, results have been attached to interventions using the last intervention in which an individual participated with employment programs superseding employment services.

For example, an individual who took part in an SD intervention followed by an EAS intervention would be recorded as a return to work for SD.

This method of attaching returns to work to interventions provides a better picture of the results data but cannot be used to evaluate effectiveness. Further, as the interventions associated with these results include new starts from previous years it is not possible, at present, to determine an employment ratio for programs and services by using the intervention data presented in this report. Also, it should be emphasized that the needs of the clients served through programs are very different from those of clients who are assisted only through employment services. Clients receiving a service are to a large extent job ready and receive basic assistance, such as job search techniques. Clients taking part in programs require more in-depth assistance as a result of barriers that would not allow the individual to return to work without a program intervention. As such, comparisons between programs and services relating to impact for dollars spent are not possible as client needs under each are very different and not addressed the same way.

Using the hierarchy mentioned above, results data by intervention for 2001/02, presented in Annex 2.14, show that returns to work associated with employment programs accounted for 48.0% of all returns to employment (Chart 5 depicts the distribution of employment results by programs). Results for individual programs show that the majority of returns to work from employment programs are associated with apprenticeship (27.4%) and regular SD (46.1%), which combine for 73.5% of returns to work from employment programs and 35.3% of all returns to work. The SD returns to work as a proportion of programs coincides with the proportion of interventions started under SD and Apprentices, which accounted for slightly more than 70% of new start program interventions in 2000/01 and 2001/02.

Chart 5: Employment Programs Returns to Work

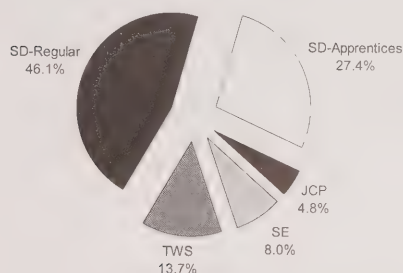
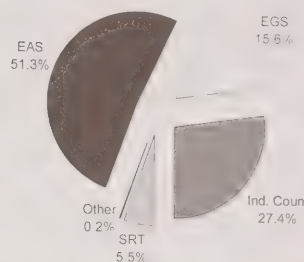


Chart 6: Employment Services Returns to Work



III. FUTURE DIRECTIONS

The summative evaluations⁸ will provide information on the impact of EBSMs in helping participants find and keep jobs. In addition to employment impacts, these evaluations will examine a range of outcomes related to EBSM participation, including skills gains, independence from government support, economic well-being, and local impacts on communities and employers. Summative evaluations are designed to provide feedback on the medium to longer term effectiveness of EBSMs.

To ensure scientific rigour in evaluation, an expert panel comprising private sector evaluators and academics was asked to provide input into the planned methodology for the summative evaluations. The resulting framework is now being used as a guide in developing methodology in individual jurisdictions. In 2001-2002, evaluations were under way in three provinces: British Columbia, Newfoundland and Labrador and Quebec. Summative evaluations are scheduled to be launched in most jurisdictions by the end of 2002-2003.⁹

Employment services accounted for 52.0% of the returns to work. As shown in Chart 6, EAS was associated with over half of these returns to work (51.3%). Individual Counselling and EGS were associated with 27.4% and 15.6%, respectively, of employment services results.

⁸ The EI Act calls for a review of the effectiveness of the EBSMs to be included in the Monitoring and Assessment Report. The LMDAs also carry provisions for the evaluation of the employment programs and services delivered under their auspices. LMDAs call for two types of evaluations. Formative evaluations yield information on design and delivery issues in the early stages of EBSM implementation. Summative evaluations, scheduled for the third year of implementation, look at medium to longer term employment impacts. Information on formative evaluation findings reported in previous Monitoring and Assessment Reports can be found at <http://www.hrdc-drhc.gc.ca/ae-ei/loi-law/eimar.shtml>.

⁹ The timing of evaluations is dependent on the timing of agreements. Nunavut is currently at the formative evaluation stage.

In addition to the summative evaluations, work is also progressing on the Medium Term Indicator (MTI) project. Two MTI pilot projects are under way in Alberta and British Columbia to test the feasibility of using operational data to monitor and report on EBSM effectiveness on an ongoing basis. Further, in the case of British Columbia, the medium term indicators are being examined to determine if they can be used to provide additional evidence to support evaluation findings.

This chapter reports the initiatives taken to modernize the delivery of services to Canadians, and to maintain and improve quality.

- **2.9 million initial and renewal EI claims processed**
- **95.2% of first benefit cheques paid within 28 days of filing**
- **60.7% of claimants eligible to use telephone reporting to complete their bi-weekly EI reports using this service**
- **57.6% of claimants receive their payments by direct deposit**
- **6.3 million reports are filed by claimants who use the telephone to report**
- **Insurance Telemessage, an automated voice recognition system (AVRES), answers approximately 36 million calls per year**
- **EI call centres respond to approximately 7 million calls**

I. IMPROVEMENTS IN SERVICE DELIVERY

1. *Modernizing Service for Canadians (MSC)*

In 2001/02, HRDC made considerable progress in modernizing its service delivery to better reflect the needs of Canadians. This initiative expands the choices of how clients will be served in line with the Government of Canada's commitment to provide on-line services and improve the quality and cost effectiveness of services to Canadians.

MSC is envisioned as taking place over a number of years. While some activities will produce immediate improvements, others will lay the foundation for future progress.

2. *Employment Insurance Services to Individuals*

HRDC continues to provide Canadians with a choice of how they access our services—in person, by telephone, via the Internet and by mail. HRDC has over 320 points of service, in addition to 11 Employment Insurance Call Centres, and an array of electronic services.

Web-based Services

During 2001/02, work was done to consolidate all HRDC Web sites into a single site. The client will have easier access to Web sites containing up-to-date information based on a standard navigation scheme. Site improvements are based on client comments received on-line as well as from the Government of Canada's Strategic Improvement Initiative. As interactive EI on-line site features are implemented, the EI Web site will integrate such features as e-mail service for general EI enquiries. Over 16,000 e-mail enquiries were answered in 2001/02. General program information is also available on our Internet site at: <http://www.hrdc-drhc.gc.ca/>

The EI Appli-Web pilot project, which allows claimants to apply for benefits via the Internet, was launched nationally in April 2002. Claimants have responded very positively to Appli-Web as the initial take-up has shown. Efforts are now under way to convert EI kiosks into Client Access Web Stations (CAWS), providing Appli-Web access to expand this service. In addition, Appli-Web will include an on-line report-card exemption for maternity and parental claimants and on-line direct deposit enrolment.

In the context of Appli-Web enhancements, the Interactive Fact Finding System (IFFS) will improve claims adjudication by allowing claimants to provide additional information to support their claim and will reduce the need to answer unnecessary questions. Making the IFFS available to clients via the Internet eliminates the need to complete annexes and questionnaires and reduces the need for agents

to contact claimants for additional information. This should result in more accurate and timely adjudication of claims.

Following up on the success of Teledec, which allows claimants to report while on claim via the telephone, work has begun on the concept and design of Interdec, to provide the same service via the Internet.

In-Person Services

HRDC is reviewing the delivery of services in search of opportunities that will enhance the quality of our dealings with clients. In 2001/02, an Employment Insurance Information Strategy was implemented across Canada to ensure that clients received all the information relevant to their situation at their first contact. This strategy was supported by a revision of the Application for Benefit and related forms and information products. Newly developed service offerings provide standardized service tailored to individual needs according to the client's previous experience with Employment Insurance and the types of benefits sought. This ensures that services are in line with the client's needs and expectations.

Telephone Services

Payment details and answers to general enquiries are provided using Insurance Telemessage, an automated voice response system. Claimants can also access expert service for complex enquiries, claim renewal and non-discretionary decisions from 11 call centre sites across Canada.

The HRDC Call Centres Vision and Blueprint for Action (2001-2003) provides an action plan for positioning EI call centres for the future. To promote call centres as a workplace of choice, a recruitment and retention strategy was developed, including training and career development, and tools designed to support service delivery.

A new national telephony platform is being implemented that will simplify systems maintenance and reporting functions. The

Interactive Voice Response (IVR) platform integrates HRDC's current telephony applications into a single platform with the capacity to take advantage of enhancements in telephony and call centre technology. In conjunction with the new platform, Intelligent Contact Manager (ICM) will provide consolidated statistics and reports from call centre systems.

As a result of recent enhancements to Teledec, 10.4 million bi-weekly reports were completed by telephone. The number of payments made using direct deposit was 19.1 million. This has resulted in faster payments for Canadians compared to the traditional paper processes.

To better serve clients in remote areas, HRDC piloted a Tele-Application service, linked to our call centres.

3. Employment Insurance Services to Employers

The Record of Employment (ROE) is the fundamental piece of information determining eligibility for EI benefits. The ROE-Web project will provide a fully automated and electronic process to gather ROE information from employers over the Internet and reduce the paper burden for employers and the EI program.

In early 2002, the ROE-Web was piloted with seven medium-sized to large employers and produced high levels of employer satisfaction. Enhancements to the ROE-Web are now under way to meet the needs of large employers and payroll service providers. In 2001/02, this new service channel received over 13,000 ROEs. Also planned for the fall of 2002 is a pilot for the integration of the ROE data with the Support System for Agents (SSA), which will support claims adjudication. Web-based ROEs improve the accuracy and timeliness of claims processing.

In addition, following a successful pilot in 2001/02, all current Automated Earnings Reporting System (AERS) participants can now

submit payroll data to HRDC using the Internet. The AERS, in place since the early 1980s, allows employers to report payroll data to HRDC, which is used to prevent, detect and deter abuse against the EI fund. An enhanced Version 2 has been developed and is scheduled for release in the fall of 2002.

II. QUALITY

4. Quality of Employment Insurance Services (Quality and Accuracy)

Quality monitoring and feedback to staff are essential in improving services and increasing accuracy in the payment of benefits. For example, regional and national analyses of the results of monitoring the quality of services offered in Human Resource Centres of Canada, call centres and benefit payment centres make it possible to identify situations where improvements are needed.

Considerable efforts have been made over the last two years to heighten awareness of the importance of quality information reported on the Record of Employment. HRDC has collaborated with employers, associations, payroll service providers, software vendors and staff to focus on preventing and correcting errors that impact clients. The reduction of errors and improved accuracy of information reported by employers on the Record of Employment have been significant factors in the improved accuracy of benefit payments to clients.

Quality coordinators in the regions are convened once a year to attend a national workshop on quality, where the Quality Management Policy is reviewed and updated, and possible measures for quality improvement are discussed.

5. Client Satisfaction

The Government of Canada is committed to achieving a significant, quantifiable improvement in client satisfaction with its services. To deliver on this commitment, the Treasury Board has approved a five-year Service Improvement Initiative and established a target

of a 10% improvement in Canadians' satisfaction with the delivery of key government services by 2005.

Client satisfaction with the EI program was measured through a Client Satisfaction Survey conducted in June 2001. The 2001 results provide a baseline measure of satisfaction with service delivery. The survey focused on measuring client satisfaction with two major channels of service: service delivered by phone (through call centres) and service delivered in person (through HRCCs). The results were extremely positive: 77% of EI surveyed clients were satisfied or very satisfied with the overall quality of service they received.

In the short term, the client satisfaction surveys allow us to set benchmarks. These are the reference points we will use over the next several years to measure improvement. The results, while overall very strong, clearly indicate that we must improve timeliness.

6. Public Liaison Officers

This role was first introduced in the late 1980s. Its purpose was to ensure that all EI clients are given the opportunity to understand how the program works. Major changes in legislation, including the Employment Insurance legislation of 1996, along with recent changes in organizational structure have necessitated a stronger link between HRDC and its clients. The Public Liaison Officer (PLO) is an essential element in providing quality service. The three main functions of a PLO are (1) providing service delivery advice, (2) improving public knowledge and awareness, and (3) providing specialized services. In general, PLOs help clients access EI services and provide general information on other available services. They also organize, with employers' support, group information sessions at the workplace and help workers complete their EI claims when massive layoffs occur. Finally, they provide employers and employees with information on programs and services available to help them get back to work.

7. Workload

The events of September 11, 2001, along with the economic downturn resulted in an increase in EI claim volumes. This in turn resulted in increased backlogs and delays in issuing benefits. To ensure client services were maintained and to restore the timely processing of EI applications, a workload fluctuation contingency policy was developed with all regions preparing recovery plans.

We also took a proactive approach to announced layoffs. Local HRCC offices would contact affected companies and offer our services.

In industries and sectors directly affected, HRDC provided assistance with Work Sharing agreements to avert layoffs. In the tourism and airline sectors alone, this intervention saved hundreds of jobs.

8. Appeals of Employment Insurance Decisions

One of the pillars of the Employment Insurance program is the right that both workers and employers have to appeal a decision. The first level of appeal is the Board of Referees (BoR), made up of a chair and two panel members. Chairs are appointed by the Governor in Council, on the recommendation of the Minister of Human Resources Development. Following consultations with trade union organizations, members of Boards of Referees are appointed by the Commissioner for Workers. Other panel members are appointed by the Commissioner for Employers after consultations with various employers' organizations. These persons come from the community and do not have any ties to HRDC.

Appeals are heard in 83 appeal centres, located in all regions of the country. In 2001/02, Boards of Referees heard 30,634 appeals, the equivalent of approximately 1.05% of all new and renewal claims. In 25% of cases, appeals resulted in a change in the Department's decision. Appeals are usually heard within 30

days after they are received. In 2001/02, the rate of compliance with national speed of service standards for setting hearing dates for clients' appeals was 84%. The establishment of the Appeals Delivery and Management System, which tracks the nature and status of appeals, has enabled those who work in appeals to determine more precisely where improvements must be made.

The second level of appeal is the Umpire. Last year, Umpires heard 3,100 appeals from decisions rendered by Boards of Referees; the majority of these appeals (85%) were lodged by claimants. This represents a significant reduction in the number of appeals brought before the Umpire compared to previous years, reflecting greater confidence in the decisions of the Board of Referees.

The third level of appeal is the Federal Court of Canada. The Court is outside the scope of the Act, but Boards of Referees and Umpires are bound by its decisions. Anywhere from 100 to 150 cases are heard in it each year.

The appeals management system has been improved through extensive training of members of Boards of Referees, the adoption of an evaluation method based on the "balanced scorecard" model to increase confidence among appellants, and frequent updating of a Web site that is easy to consult and provides relevant case law on Employment Insurance.

Consulting and Audit Canada wrote a report of the National Advisory Group on Balanced Scorecard for Boards of Referees (November 2001), which carried out focus groups with Boards of Referees across Canada to support its findings.

The report produced a number of recommendations, a few of which have already been implemented. Two of these include a one-day pilot decision writing course for Board of Referees chairpersons, and a service pledge/commitment by Board members to appellants and interested parties on what to

expect before, during and after an appeal hearing is implemented nationally.

Moreover, the feasibility of filing appeals electronically was explored. To this end, a pilot project known as "Appeal via Internet" is now being developed. The project will offer Canadians a Web site on which they may lodge an appeal electronically with the Board of Referees or the Office of the Umpire. This site will also enable the general public to enquire about the Employment Insurance appeal process and the various levels of appeal, and to obtain information on how to prepare and present an appeal at a hearing. This Web site will also offer search tools to help clients review the legal principles and case law relating to their situation. It will be possible for clients to lodge appeals and obtain information on an appeal over the Internet 24 hours a day, seven days a week.

In 2001/02, HRDC began to explore best practices between its EI and ISP appeal management systems to improve services for Canadians.

9. Insurability Rulings

Under Part IV of the Act, the Canada Customs and Revenue Agency (CCRA) is responsible for issuing insurability rulings. In 2001/02, CCRA conducted 80,000 investigations on whether an employer-employee relationship exists. Many of these investigations were in response to claims by individuals for EI benefits once a contract of service had terminated. A client also has the right to appeal an insurability ruling, initially to CCRA and then to the Tax Court of Canada.

10. Social Insurance Number

The EI Act provides for the administration of the Social Insurance Number. HRDC's role is to process SIN applications, maintain the Social Insurance Registry and ensure the integrity of the SIN program by investigating cases of fraud and misuse.

The SIN Application Review Program was implemented to help front-end staff identify SIN applications that should be reviewed more thoroughly by an Investigation and Control Officer. This was done to reduce abuse of the SIN program and help prevent the issuance of multiple SINs to individuals.

The SIN public awareness campaign continued to inform employers and the general public on the importance of the SIN and the need to protect it from misuse. A number of pamphlets and information sheets were developed to inform the public on the use of the SIN.

An Identification Document Guide was developed and distributed to help HRCCs identify fraudulent documents submitted with SIN applications. Ultraviolet (UV) lamps were also distributed to help staff identify fraudulent documents.

Discussions with provincial Vital Statistics Agencies continued, with the goal of obtaining data that will verify information presented in support of SIN applications. Validating information provided by SIN applicants with the issuing provincial/territorial agency will provide additional assurance of the individual's identity.

In recent years, HRDC has taken intervention measures to ensure the integrity of the SIN. The Department has added resources specifically dedicated and trained to investigate and detect suspicious SIN applications. We have increased the number of SIN investigations conducted, improved the quality of investigations, and developed training aimed at SIN and ID fraud investigations.

11. Learning Organization

HRDC's goal of creating a learning organization was given a strong boost last year with the implementation of the national training policy. This new policy establishes the framework that will help support the Insurance program within the context of the corporate service delivery policy.

New legislation training for Bill C-49 has been successfully implemented along with the National Training Calendar. Our e-learning strategy has been released and we are currently developing our first moderated e-learning course for EI adjudicators. The SDR Learning Map on Communication competency will be developed based on the results of the training needs analysis. Both of these products will be pilot tested later in 2002/03.

We have developed and released three new computer-based training modules. These include a comprehensive training tool for special benefits and an in-depth training module on the administration of the SIN program.

Two new training courses were piloted this fiscal year: SIN Investigations and Identity Fraud. Knowledge-based training products for claims processing staff are reviewed and maintained annually to ensure consistency in services provided to clients.

In addition, we are conscious that a significant number of employees will be eligible to retire within the next few years. The Department will be able to face this challenge. This situation is an integral part of the human resource planning process so that the transition between the employees who will leave and those who will join the work force will be made in a harmonious way thus making it possible to maintain high quality services for Canadians.

12. Group Information Sessions

Group information sessions help clients understand their rights and obligations, thus allowing them to make informed decisions regarding their EI benefits. They also provide an opportunity to inform clients of services available to help them become re-employed. All regions are committed to delivering group

information sessions in their Human Resource Centres.

Surveys completed by clients who have attended sessions continue to show that they are helpful, informative and beneficial. Ongoing monitoring ensures these sessions continue to meet the needs of EI claimants.

13. Apprenticeship Courses

In accordance with the Speech from the Throne, work began on amending the *Employment Insurance Regulations* so that apprentices enrolled in accredited training courses will only have to serve one two-week waiting period for a given apprenticeship program when they apply for Employment Insurance benefits.

14. Readability Project

The Readability project arose from the aftermath of the 1996 Employment Insurance (EI) reform. Its purpose is to rewrite the current EI legislation to make it more accessible and easier to understand for its users.

The project has received full support from the EI Commissioners. They chair an advisory group formed mainly of representatives from the worker and employer communities who have regularly provided their comments and suggestions on the proposals related to the new Act.

Drafting began in September 2000 with a research and development phase that focused on design and structure. At that time, the Canada Customs and Revenue Agency also joined the HRDC-Justice team as a partner. Drafting of the new version of the *Employment Insurance Act* has progressed steadily with significant input arising from consultations, both internally and externally, with the judicial community, focus groups and communication experts.

This chapter provides an analysis of the impact of EI on the economy, individuals and communities, including findings from recent evaluations and research studies in assessing the effectiveness of the EI program. The final section of this chapter examines savings to the EI Account.

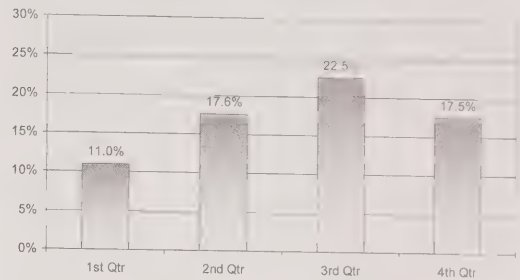
I. EI AND THE ECONOMY

The EI program has played a key role in maintaining purchasing power and stabilizing the economy during periods of economic uncertainty. The effectiveness of EI as a stabilizer is assessed by examining the responsiveness of the EI program, nationally and regionally, to fluctuations within the economy and more specifically within the labour market. In addition, the effectiveness of EI as a stabilizer is assessed by examining the number of job losses and layoffs that were averted and the impact of EI on household spending.

Responsiveness to Labour Market

To be effective in helping to stabilize the economy, the EI program should respond to fluctuations in the labour market. The responsiveness of the EI program during the reporting period was demonstrated by the timely adjustment in claims established and benefits paid. As indicated in Chapter 2, EI claim volume for regular benefits increased by 10.8% over the first three quarters in response to the slowdown in the economy and lower job growth. In addition, regular EI benefits paid also increased by \$1.2 billion or 17.2% with the increase in payments being concentrated within the second and third quarters of the fiscal year (refer to Chart 1). The significant increase in regular benefits paid occurred during periods with lower employment growth, thus contributing to economic stability.

Chart 1: Year-Over-Year Growth in Regular EI Benefits Paid



Regionally, the responsiveness of the EI program can be demonstrated by adjustments in the entrance requirements and changes in the duration of benefits. EI is specifically designed to respond automatically to changes in local labour markets with entrance requirements being reduced and duration of benefits increased, as the unemployment rate rises in each of the 58 EI regions. Of these 58 economic regions, 39 or 67% experienced a significant change in the unemployment rate and a corresponding adjustment in the entrance requirement and length of entitlement. For example, when the unemployment rate in the Oshawa region increased from 5.2% in April 2001 to 8.3% in March 2002, the entrance requirement declined from 700 to 595 hours and the maximum duration of benefits increased from 36 to 42 weeks to reflect the increased difficulty of finding work in the region. In the 19 EI regions where a change in the unemployment rate did not produce an adjustment to the entrance requirement or length of entitlement, all but two regions were already at the maximum or minimum entrance requirement and as a result any further change in the local unemployment rate could not result in an adjustment. For example, in the Northern Saskatchewan region the unemployment rate increased from 14.0% in April 2001 to 15.3% in March 2002; however, the entrance requirement remained at 420 hours, which is the minimum entrance requirement.

While the automatic adjustments to the entrance requirement and length of entitlement ensures the program responds quickly to changes in local labour markets, concerns have been raised that such a system could act as a barrier to labour mobility. A recent study examined this issue and concluded that the major factors of labour mobility are expected earnings, employment prospects, and moving costs and that there is no evidence that EI has a substantial impact on labour mobility.¹ These findings are corroborated by a second study, which concluded there is no strong evidence of a relationship between EI and geographic mobility.²

Stabilization During Slowdown

A further indication of the effectiveness of the EI program is the degree to which the program can minimize job losses and layoffs during an economic slowdown by providing counter-cyclical economic stimulus. Preliminary findings from a macro-simulation study determined that without the EI program an additional 22,000 jobs would have been lost in 2001 and nearly 49,000 in 2002.³ The stabilization effect in 2002 was 12.8%, meaning that 12.8% of the output and employment decline that would have occurred was avoided as a result of the EI program. These findings are consistent with previous research on the stabilization effect of EI during an economic downturn. In 1994, a similar macro-simulation model determined that the stabilizing impact of the Unemployment Insurance program in 1992 was between 12 and 15%. While the stabilization impact for the two periods is similar, fewer jobs were saved in 2002 than in 1992, as the recent economic downturn was less severe. Preliminary findings from a second study

validate the finding that the EI program continues to have a significant stabilizing impact on the Canadian economy and that EI reform did not appear to markedly change the stabilization properties of the EI program.⁴

In addition to providing economic stimulus during an economic slowdown, EI also includes a Work Sharing program designed to facilitate a redistribution of work among employees to avoid layoffs. During the reporting period, it is estimated that the Work Sharing component of EI averted or postponed nearly 13,000 layoffs, representing an increase of 155% from the previous reporting period (refer to Chart 2). As described in Chapter 2, Work Sharing provides income support to workers eligible for EI benefits who are willing to work a temporarily reduced work week when there is a reduction in the normal level of business activity beyond the control of the employer. The Work Sharing program is also counter-cyclical in nature as usage increases as economic conditions become less favourable in a given sector. As discussed in Chapter 2, over 47,000 persons received Work Sharing benefits. The majority received them during the second half of the reporting period, due to developments following the tragic events of September 11. Most notably, the airline and tourism sectors experienced an immediate decline in operations. Several companies within the airline industry made extensive use of the program, with Air Canada signing the largest Work Sharing agreement in the history of the program. In total, Work Sharing agreements with Air Canada involved an estimated 2,600 individuals and averted over 600 layoffs.

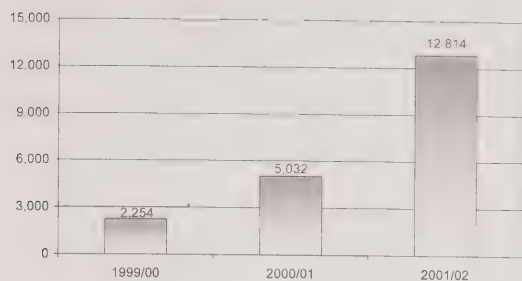
¹ Kathleen M. Day and Stanley L. Winer, *Policy-induced Migration in Canada: An Empirical Study*, sponsored by HRDC and Statistics Canada, November 2001. The study defines moving costs as monetary and non-monetary costs such as psychological, social and informational costs.

² Rick Audas and James Ted McDonald, *Employment Insurance and Geographic Mobility: Evidence from the SLID*, Social Research and Demonstration Corporation, April 2003.

³ Forthcoming study – *The Employment Insurance System and Economic Stabilization in Canada*, prepared by the University of Toronto.

⁴ Forthcoming study – *The Employment Insurance System and Economic Stabilization in Canada*, prepared by Global Insight.

Chart 2: Layoffs Averted or Postponed Through Work Sharing



Analysis indicates that over recent years, two thirds of Work Sharing participants have been from the manufacturing sector. The concentration of manufacturing activity in Quebec and Ontario partly explains why workers in these regions constitute a significant proportion of Work Sharing participants.⁵ Other industries affected by the recent economic slowdown such as the high-tech, transportation equipment, agro-industrial and forest products sectors have also made extensive use of the program. Use of the Work Sharing program will continue to be monitored and assessed.

Another important stabilizing role that EI plays can be found in how the program helps individuals reintegrate into the labour market successfully following a job loss. In this context, a recent study determined that only 12% of individuals separated from their job experienced a decline in their household spending one year after their job separation. The study also determined that household spending did not significantly decline following EI reform.⁶ These results are significant because they indicate that the provision of temporary income support under EI may help most people return to similar earnings within a year.

II. EI AND COMMUNITIES

While the EI program is designed to respond automatically to changes in each of the 58 EI regions, it is also important to examine how the program is affecting individual communities. This section focuses more specifically on how the program responds to local economic and labour market conditions. Overall, the community analysis demonstrates the program responds quite well to local labour markets and that benefits are adequate despite very different economic realities across the country (refer to Annex 3 for individual community profiles).

As discussed in the *1999 Monitoring and Assessment Report*, 14 communities were selected and monitored as an indicator of a broad spectrum of communities across Canada.⁷ The group of communities includes at least one community from each province with variation among communities in terms of geography, type (urban/rural), level of unemployment, use of both official languages and work patterns (seasonal/non-seasonal).

Similar to national trends, the economic slowdown was evident at the community level, with some communities more adversely affected than others. As reported in Chapter 2, individuals with strong prior work force attachment, who depend on the program less often, accessed EI to a greater extent. As such, increases in claims for first-time and occasional claimants were observed in most communities. At the same time, communities that depend on seasonal industries continued to experience higher than average levels of unemployment and frequent claimants.

⁵ Forthcoming study – *Usage of the Work Sharing Program: 1989 to 2002*, HRDC.

⁶ Forthcoming study – *To What Extent is Household Spending Reduced as a Result of Unemployment?* HRDC.

⁷ For more information on the Community Perspective exercise see the *1999 Monitoring and Assessment Report*, Chapter 4. Please note that the 14 communities are: Clarendville, Newfoundland; Prince Edward Island; Truro, Nova Scotia; Miramichi, New Brunswick; Repentigny, Quebec; Montréal Centre East, Quebec; Toronto Centre, Ontario; Hamilton Mountain, Ontario; St. Boniface, Manitoba; Prince Albert, Saskatchewan; Calgary Centre, Alberta; Kelowna, British Columbia; Surrey, British Columbia; and Yellowknife, Northwest Territories.

The effectiveness of the EI program responding to changes in local unemployment rates could be seen in many communities. In fact, 8 of the 14 communities experienced an adjustment in entrance requirements in response to an increase in the local unemployment rate. For example, in PEI, the unemployment rate increased from 11.9% in April 2001 to 13.3% in March 2002, triggering a reduction in the entrance requirement from 490 to 420 hours. It is important to note that of the six communities that did not experience an adjustment in entrance requirements, four were already at the minimum entrance requirement (420 hours) and two were already at the maximum entrance requirement (700 hours).

Table 1: Impact on Communities

Community	Unemployment Rate	Entitlement Used	Benefit Rate
ATLANTIC COMMUNITIES			
Clareville	20.6%	69.5%	\$294
Prince Edward Island	12.1%	71.2%	\$282
Truro	10.4%	61.6%	\$274
Miramichi	17.2%	64.3%	\$302
QUEBEC COMMUNITIES			
Repentigny	8.9%	59.0%	\$290
Montréal Centre East	8.3%	63.3%	\$289
ONTARIO COMMUNITIES			
Toronto Centre	6.5%	63.3%	\$356
Hamilton Mountain	6.2%	59.7%	\$327
PRAIRIE AND NORTHERN COMMUNITIES			
St. Boniface	5.3%	59.6%	\$293
Prince Albert	14.5%	50.9%	\$319
Calgary Centre	4.6%	61.6%	\$341
Yellowknife	25.0%	47.4%	\$367
BRITISH COLUMBIA COMMUNITIES			
Surrey	6.9%	67.5%	\$301
Kelowna	10.1%	57.1%	\$311
Please note: Data on unemployment rate, entitlement used and benefit rate are averages for the fiscal year.			

A key test of how the EI program responds to varying local labour market conditions is the degree to which the length of entitlement was adequate for individuals. As in past years, claimants used, on average, no more than 70%

of their maximum entitlement before returning to work, even in communities with high unemployment. In Clareville, for example, where the unemployment rate was 20.6%, claimants used, on average, 69.5% of their maximum entitlement.

The income stabilization role of EI is also evident in the analysis of the 14 communities. EI benefits comprised a significant proportion of total income received, particularly in communities with limited employment opportunities. For instance, in Clareville, PEI and Miramichi, EI benefits were received by 60.1%, 37.1% and 38.4% of wage earners, respectively, in 2000.⁸

III. EI AND INDIVIDUALS

The EI program achieves its stabilization role in the economy and in communities by assisting individuals. In this context, the program aims to provide temporary income support to reduce the risk associated with a loss of income, to help individuals re-enter the work force, to promote work force attachment, and to support families in balancing work-family responsibilities. This section assesses the effectiveness of the program in meeting these objectives.

1. *Helping Canadians Face the Risk of Unemployment*

This section analyzes the extent to which EI assists Canadians in coping with periods of unemployment. It examines access to the EI program and the adequacy of EI benefits.

Access to Benefits

In analyzing the impact of EI on individuals, accessibility to the program is a critical element. The EI program is one of Canada's most significant social programs, with approximately 14.8 million individuals contributing in 2000. As in previous years, the question of access is examined using a variety of measures. Access is examined from the standpoint of working Canadians who paid EI premiums. In this

⁸ The analysis is based on the 2000 Small Area Administrative Data (SAAD), Statistics Canada.

context, the analysis examines access for those who remained employed as well as those who lost their job during the reporting period. Access is also examined from a broader perspective, which includes all individuals who are unemployed. Finally, the question of access is also examined for immigrants, youth and fishers.

Analysis indicates that access to EI remains stable for working Canadians who pay premiums. As in past years, patterns of work are a fundamental determinant of EI eligibility. As a result, people working fewer hours per week may find it more difficult to qualify for benefits.

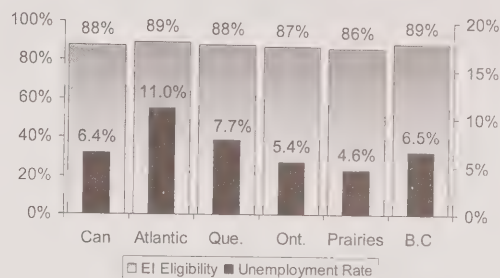
Access – Employed Population (Paid Employment)

According to a survey of the employed population, 88% of paid workers would have been able to collect EI benefits had they lost their jobs in December 2000.⁹ The remaining 12% of paid workers would not have had sufficient insured hours to meet the eligibility requirements to establish an EI claim. This high level of access is significant as there are approximately 14.8 million individuals in paid employment. The survey also found that in comparison to 1998 results, coverage increased slightly for women (from 83.9% to 84.3%) and declined from 91.4% to 90.6% for men. The slightly lower rate of access for women relative to men can be traced to their work patterns. As noted in Chapter 1, women are more likely than men to work part time. It is important to note that the rates of access for men and women working full time are equivalent at 96% and 95%, respectively.

Evidence also indicates that despite significant variations in unemployment rates and local labour market conditions, access to EI benefits

was similar across all regions of the country (refer to Chart 3). This is indicative of the responsive character of the EI program to regional fluctuations within the labour market. As the unemployment rate rises in a particular region and it is more difficult to find work, the EI program responds by lowering eligibility requirements and increasing entitlement.

Chart 3: EI Eligibility Among Paid Workers and Unemployment Rate, by Region, December 2000



EI Premium Refunds

It should be noted that the EI program has specific provisions for contributors who are unlikely to qualify. Individuals with insured earnings of less than \$2,000 are entitled to a refund of their EI premiums. In 2000, \$19 million in EI premiums were refunded to 896,833 or 6% of employees in paid employment. This is significant as it means that a total of 94% of employees in paid employment are either eligible for EI or receive a refund of their contributions.¹⁰ To qualify for an EI premium refund, a contributor must file an income tax return.

Access – Unemployed Population

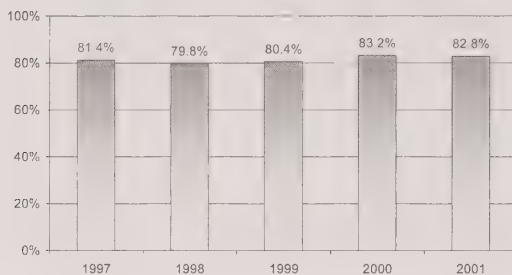
Access rates of EI contributors who lost their jobs during the reporting period were also examined. Results indicate that nearly 83% of contributors were eligible to receive benefits in

⁹ Survey of Labour and Income Dynamics (SLID), Statistics Canada.

¹⁰ The result of 94% was arrived at by adding those covered (88%) and those who received a refund (6%). It is important to note that the coverage figure of 88% is based on individuals who were working in December 2000. It is assumed that the coverage figure of 88% for the month of December 2000 is applicable for all contributors throughout the year.

2001.¹¹ This is significant because it shows that access remained stable over the past two years while labour market conditions changed. The findings also indicate that access for adult men increased by 1.3 percentage points to 91.1%, while access for adult women declined by 3.2 percentage points to 84.2%. The increase in access for men is attributable to the economic slowdown, which resulted in higher unemployment rates for men, particularly in the manufacturing and transportation sectors, who tended to have long-term labour market attachment. The decline in access for women comes after two consecutive years of increased rates of access.

Chart 4: Coverage of the Unemployed (EICS)



Comparing results for the employed versus the unemployed indicates that access tends to be lower for the unemployed. The lower eligibility for the unemployed (83% compared to 88% for the employed) suggests that the unemployed population has a greater proportion of individuals with a more tenuous attachment to the work force, making them less likely to be eligible for EI benefits. The lower eligibility for the unemployed could also be a reflection of their lower skill levels and resulting lower labour market resilience.

Another approach to assessing access to EI for the unemployed is the beneficiary to unemployed (B/U) ratio. The B/U ratio is a commonly cited measure, comparing the number of people on EI regular benefits with the total number of unemployed people at any given time. The B/U ratio increased from 46.4% in 2000/01 to 47.0% in 2001/02. While the B/U ratio has the advantage of simplicity, it also includes unemployed people for whom EI regular benefits were not designed. For example, the B/U ratio includes self-employed individuals who do not pay premiums, those who have never worked or who have not worked in the past 12 months, and those who voluntarily quit their job without just cause. As a result, it is a measure of coverage of a much broader group than EI contributors.

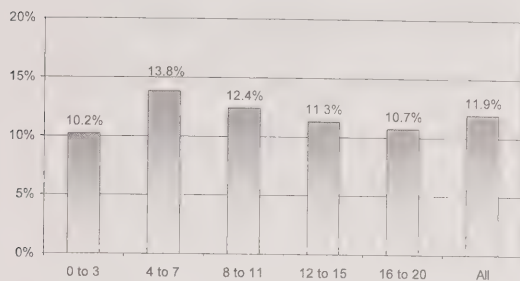
Access – Immigrants

To better understand accessibility and usage of EI by specific client groups, access to EI by immigrants was also examined. Overall, the analysis indicates that immigrants tend to access the program more frequently between four and seven years after arriving in the country. The analysis also shows that as immigrants become more established within the labour force, their reliance on EI declines to levels that are significantly lower than the average for all Canadians (14.4%) with employment earnings. The relatively low proportion of immigrants accessing EI in their early years in Canada may be attributable to higher rates of unemployment for recent immigrants, which are nearly double that of the Canadian-born population (12.1% versus 6.4%, respectively). As such, it may be more difficult for them to obtain the necessary insured hours to meet the higher entrance requirements for new entrants to the labour market.¹²

¹¹ *Employment Insurance Coverage Survey (EICS)*, Statistics Canada Daily, November 25, 2002; <http://www.statcan.ca/Daily/English/021125/d021125c.htm>. The interval of confidence for 82.8% at the 95% confidence level (19 times out of 20) is +/- 2.2 percentage points, and at the 90% confidence level is +/- 1.8 percentage points.

¹² The 2001 Census indicates that the unemployment rate for immigrants (12.1%) is nearly double that of the Canadian-born population (6.4%).

Chart 5: Percentage of Immigrants With Employment Earnings Who Reported EI Income (Tax Year 2000), by Number of Years in Canada



Access – Youth

In addition, accessibility for youth was also examined, as these individuals often have less work experience. Higher eligibility requirements were designed to ensure that workers, especially new workers, first establish a substantial attachment to the labour force before being eligible for EI benefits. To this end, people who enter the labour market for the first time (new entrants) and those who have limited work experience in the last two years (re-entrants) need 910 insured hours to qualify for EI instead of the variable entrance requirement for the region. In earlier reports, it was noted that this element of the program is achieving its objectives. Results from an ongoing HRDC study using data from the Canadian-Out-of-Employment Panel (COEP) survey indicate that a larger proportion of individuals new to the work force are qualifying for EI with a greater number of insured hours of employment, indicating greater work effort and work force attachment prior to accessing EI.¹³ Further, the Survey indicates that the probability of a new entrant or re-entrant making a claim has not changed since EI reform.

Access to Fishing Benefits

Although fishing benefits represent a relatively small part of the EI program, they play an important stabilization role within fishing communities. Unlike regular benefits, eligibility for fishing benefits is based on insured earnings rather than insured hours. Under the earnings based system, fishers can qualify for benefits with a minimum of between \$2,500 and \$4,199 in insured earnings from fishing. For new entrants and re-entrants to the fishery, a minimum of \$5,500 of earnings is required to qualify. The threshold for new entrants and re-entrants is significantly higher so as to encourage a greater degree of work force attachment prior to filing for EI.

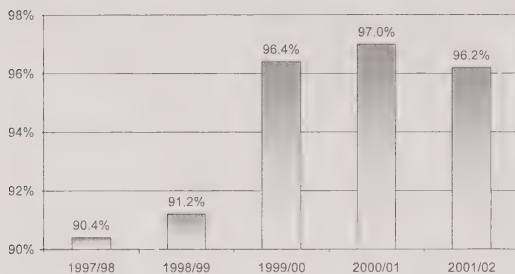
As in past years, analysis indicates that the earnings-based threshold may be too low given the overall level of revenues in the fishery. Over the past decade the industry has shifted from higher-volume/lower-value ground fish to lower-volume/higher-value invertebrate species. Even though the total number of fishers has declined in comparison to pre-reform levels, over this period the value of Canadian fisheries continued to increase.¹⁴

Results indicate that the new-entrant threshold of \$5,500 may be too low given revenues in the fishery. Analysis indicates that virtually all fishers exceeded the new-entrant/re-entrant threshold of \$5,500 during this reporting period (refer to Chart 6). The findings also indicate that the number of fishing beneficiaries under the age of 25 has increased by 18.2% since 1998/99. Further, the analysis indicates that close to 80% of fishers qualified with insured earnings over \$10,000. The relative ease with which fishers are meeting the entrance requirements has raised issues, as more individuals may be entering the fishing industry than would otherwise be the case.

¹³ Forthcoming study – *EI Reform and New-Entrants/Re-Entrants to the Labour Market*, HRDC. The proportion of individuals qualifying with between 910 and 1,050 hours increased from 42.6% pre-reform to 59.1% post-reform.

¹⁴ According to data from Fisheries and Oceans Canada the number of personal fisher registrations (licence holders and crew members) declined in the second half of the 1990s by one third.

Chart 6: Proportion of Fishers Who Qualify with Earnings in Excess of the New-Entrant Eligibility Requirement



Access to Employment Benefits and Support Measures (EBSMs)

Individuals can also access re-employment assistance under Part II of the EI program. EBSMs are designed to build the skills of Canadians and to help them obtain and maintain employment. In 2001/02, over half a million individuals accessed active employment measures, of which nearly two thirds were active EI claimants. The increase in the number of active claimants partially reflects the economic slowdown and the resulting increase in EI claims. As outlined in Chapter 2, there was a significant increase in the number of first-time and occasional users of EI and as a result an increase in the number of individuals on EI who required assistance in re-entering the work force.

Of particular note in 2001/02 was the increased expenditure, over \$100 million, associated with Skills Development and the continued emphasis on this program as a means of helping individuals obtain the skills they require to succeed in the labour market. The Skills Development program accounted for 72.5% of all program activity in 2001/02.

Participation by designated groups in Part II programs remained stable in comparison to past years. The participation of persons with disabilities and visible minorities remained virtually the same as in the previous reporting

period and participation of women and Aboriginal people varied by less than one percentage point.

Analysis on the effectiveness of EBSMs will be available as the summative evaluations are completed. These evaluations will examine issues such as effectiveness in helping individuals return to work, use of EI, and provincial social assistance programs after taking part in a program or service. Additional information such as cost effectiveness and more detailed client information will also be available.

Adequacy of Benefits

As in previous years, the adequacy of EI benefits is also examined from a variety of perspectives. Adequacy is examined in terms of the level of the average weekly benefit, particularly with respect to low-income claimants. Adequacy is also examined in terms of the duration of benefits.

Level of Benefits

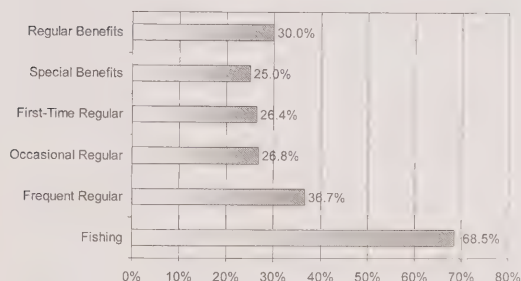
In examining the adequacy of EI benefits, it is important to examine the degree to which average weekly benefits reflect changes in the average industrial wage. Overall, analysis indicates that the average weekly benefit under EI has been increasing at a rate that exceeds the growth in the average weekly earnings of the Industrial Aggregate. Since 1996/97 the average weekly benefit rate for regular benefits has increased from \$272 to \$305 or by 12%, exceeding the growth rate of the average weekly earnings of the Industrial Aggregate by 3.5 percentage points.¹⁵ During this reporting period, the average weekly benefit for regular benefits increased from \$297 to \$305, representing an increase of 2.7% over 2000/01. This is significant because it demonstrates that EI benefits are adjusting in relation to rising average wage rates. The increase in the average benefit is also attributable to the elimination of the intensity rule and the national implementation of the Small Weeks provision.

¹⁵ The average weekly earnings of the Industrial Aggregate increased from \$32,021 in 1996/97 to \$34,742 in 2001/02, which represents an increase of 8.5%. Results on the average weekly earnings of the Industrial Aggregate were obtained from the Statistics Canada publication *Employment Earnings and Hours*, Catalogue no. 72-002-XIB.

In addition to examining the growth in the average weekly benefit rate, the proportion of clients at the maximum benefit rate (\$413) was also examined. This analysis is significant as the maximum benefit rate is tied to the maximum amount of earnings (MIE) that individuals can insure under EI, which is \$39,000.¹⁶ Concerns have been raised that the MIE is higher than the average industrial wage, resulting in higher levels of EI benefits. As a result, the MIE has been frozen at \$39,000 until the average industrial wage increases to an equivalent level.

Analysis from this reporting period indicates that the MIE remains 12.3% above the average industrial wage (\$34,742). The analysis also indicates that the proportion of regular claims in receipt of the maximum weekly benefit rate increased from 12% in 1999/00 to about 30% in 2001/02, reflecting increases in average wage rates. It is important to note that first-time and occasional claimants are much less likely to be in receipt of the maximum benefit rate than frequent claimants and fishing claimants (refer to Chart 7).¹⁷ Monitoring of the maximum weekly benefit rate and the yearly maximum insured earnings in relation to the average industrial wage will continue.

Chart 7: Percentage of EI Claims Receiving the Maximum Weekly Benefit Rate



In examining the adequacy of average weekly benefits it is important to note that the benefit repayment provision has been modified.¹⁸ Effective tax year 2000, the repayment provision was modified to better target higher income repeat claimants. Analysis for tax year 2000 indicates that the modifications resulted in higher net EI benefits for regular beneficiaries by not requiring the repayment of approximately \$20.4 million in benefits by first-time recipients and \$21.8 million by recipients of special benefits. In 2000, 74,186 individuals repaid some of their EI benefits, representing a significant decline of 48.5% in comparison to 1999 (refer to Annex 1.15). As in previous years, the vast majority (91.1%) of claimants affected by the repayment provision were men. The number of men impacted by the repayment provision declined 46.0% versus a decline of 65.3% for women. The larger decline for women is associated with the fact that women make greater use of special benefits, which are now exempt from the repayment provision. These findings indicate that the modification to repayment provisions has resulted in higher net benefits for EI beneficiaries.

Benefits to Low-Income Families – Family Supplement

The Family Supplement replaced the 60% benefit rate under previous legislation (Unemployment Insurance) for low-income individuals with dependent children, and was designed to better target assistance to claimants in need.¹⁹ Adequacy of EI benefits is also assessed by examining the effectiveness of the Family Supplement in providing additional income support to low-income families with children. The Family Supplement

¹⁶ Since 1997 the MIE has been \$39,000. Under Section 5 of the EI Act, the MIE is adjusted based on the average weekly earnings of the Industrial Aggregate. Before 1997 the MIE was indexed each year based on an eight year moving average of employees' annual average earnings.

¹⁷ Fishers exceeding the maximum entrance requirement of \$5,500 are not necessarily entitled to the maximum benefit rate.

¹⁸ Effective tax year 2000, the clawback provision was modified to exempt first-time recipients of regular benefits and individuals accessing special benefits. The Benefit Repayment threshold was set at one level, \$48,750 of net income with a repayment rate of 30%—the maximum repayment would be limited to 30% of a person's net income in excess of \$48,750.

¹⁹ Please refer to Annex 1 of the 2000 *Monitoring and Assessment Report* for more detailed information on Family Supplement replacing the dependency provision that existed under Unemployment Insurance.

provides additional benefits to claimants in low-income families with children, by increasing the benefit rate they can receive from 55% to 80%.²⁰

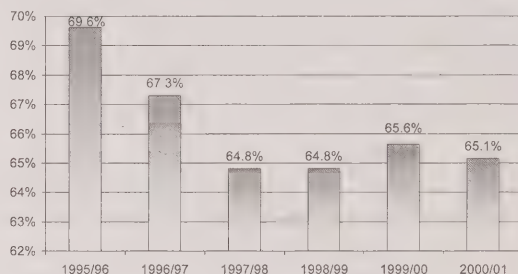
In 2001/02, 187,320 individuals were entitled to the Family Supplement top-up. These low-income individuals received \$175.8 million in additional benefits during this reporting period, an increase of 11.7% from 2000/01. The proportion of all beneficiaries receiving the Family Supplement declined from 10.7% to 9.7%. Further, the proportion of regular beneficiaries receiving the Family Supplement declined from 9.9% to 8.7%. This decline continues a trend that started in 1999/00 when the proportion was 11.4% for all beneficiaries and 10.7% for regular beneficiaries. The decline can be traced to family income increasing while the Family Supplement threshold remains fixed at \$25,921. Accessibility to the Family Supplement will continue to be monitored.

Claim Duration

Under EI, regular beneficiaries can receive between 14 and 45 weeks of income support. In examining the adequacy of EI benefits it is important to determine whether the length of income support is sufficient for claimants. Analysis for 2001/02 indicates that on average, regular beneficiaries collected only two thirds of the weeks that they were eligible to receive, a proportion that is consistent with previous reporting periods (refer to Chart 8). The percentage of entitlement used was highest in Prince Edward Island (74.2%), Newfoundland and Labrador (73.5%), New Brunswick (70.2%) and Nova Scotia (69.5%), reflecting higher unemployment rates and fewer job opportunities in these provinces. The percentage of entitlement used was lowest in Ontario (60.8%) and Alberta (62.5%), reflecting stronger labour markets. It is also worth noting that there is little difference between men and women. Men, on average, used 64%

of their entitlement to regular benefits, which is consistent with previous years. Women, on average, used 67% of their entitlement, which is about the same as the previous reporting period (68%). This is significant because it indicates that the proportion of entitlement used remained stable during the economic slowdown.

Chart 8: Proportion of Entitlement Used by Regular Claimants

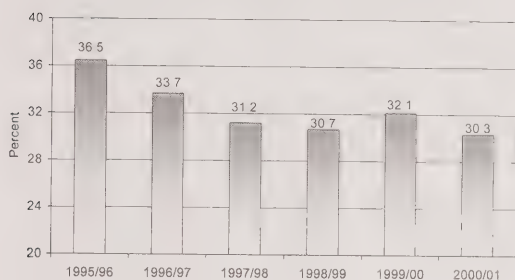


Another important measure used to assess whether the number of weeks of entitlement is sufficient for claimants is to examine the degree to which they exhaust all their weeks of benefits. Results for this reporting period show that about 30% of regular beneficiaries used all their weeks of benefits. The proportion of women who exhausted benefits (33.5%) was slightly higher than men (28.1%). The higher exhaustion rate for women may be attributable to women, on average, being entitled to fewer weeks of benefits (31 versus 33 weeks for men) as a consequence of establishing a claim for benefits with fewer hours of insurable employment. It is important to note that on average, youth (<25 years) had the lowest (28.5%) exhaustion rate among all age cohorts, which is attributable to their work force participation patterns, as they frequently enter and exit the labour market while attending school. In comparison, older workers (55+ years) had the highest exhaustion rate, which is attributable to older workers experiencing greater difficulty re-entering the work force. Overall, the analysis indicates that

²⁰ Like other claimants, claimants receiving the Family Supplement are subject to a maximum weekly benefit of \$413.

even with the economic slowdown the proportion of EI claimants exhausting their EI entitlement continued to decline. Since 1995/96, the proportion of regular claimants exhausting their benefits has declined from 36.5% to 30.3% (refer to Chart 9). Further, the number of frequent claimants exhausting their benefits also declined by 51.5% over the same time period. The decline in the proportion of claimants exhausting their benefits since EI reform is significant as it shows that the reduction in the maximum length of entitlement has not resulted in a great number of people exhausting their benefits.

Chart 9: Proportion of Regular Claimants Exhausting Benefits



In this context, it should be recognized that individuals who exhaust their EI entitlement prior to returning to work may face significant financial hardship. At the time of EI reform, concerns were raised about individuals who needed to turn to social assistance. Findings from an ongoing study indicate that only a small proportion of individuals who exhaust their EI entitlement move on to social assistance.²¹ The study concluded that use of social assistance by EI clients declined from 5.8% in 1995/96 to 3.2% in 2000/01.²² While these results are encouraging, it is important to note that the labour market was relatively strong during this period. It is also important to note that the National Child Benefit was introduced in 1998 to provide funding to low-income families with children. Part of the decline may also be attributable to changes in

eligibility for provincial and territorial social assistance programs.

2. Encouraging Greater Work Force Attachment

In addition to providing adequate temporary income support, an important objective with EI is to encourage greater work force attachment. As a result, the EI program has been designed with certain features that are meant to strengthen the link between work effort and benefits. While there are several features within the program, the analysis of promoting work force attachment in this chapter is based on three specific elements: the divisor, working while on claim and the small weeks provision.

Divisor

One way in which work force attachment is encouraged is the "divisor" rule. The divisor encourages greater labour force attachment as all claimants are required to work two weeks beyond their minimum entrance requirement to be entitled to full benefits.²³ Overall, analysis indicates people are working the additional two weeks. Nationally, results show that almost all (97%) claimants work the two additional weeks needed to receive full benefits. The proportion of claimants failing to find the two extra weeks of work declined from 3.4% last reporting period to 3.1% in 2001/02 (refer to Chart 10). This is particularly significant given the economic slowdown that occurred during the reporting period. Regionally, only about 2% of claimants in Ontario and the Prairies failed to find the two extra weeks of work. In Quebec and British Columbia the figures were slightly higher at 3.2% and 2.6%, respectively. Even in the Atlantic region, where unemployment rates are higher and seasonal work is more frequent, only about 6% of claimants failed to find the extra two weeks of work. In comparison with the previous reporting period, the proportion of claimants affected by the divisor provision

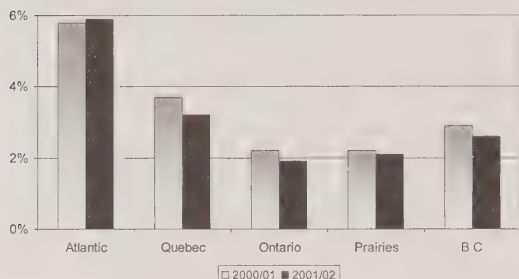
²¹ Forthcoming Study – *Did the Exhaustion of UI/EI Benefits and the Take-up of Social Assistance Change After EI Reform?*, HRDC.

²² These results are based on the Canadian Out-of-Employment (COEP) survey, which is conducted approximately 12 months after job separation.

²³ Refer to Chapter 2 of the 2001 *Monitoring and Assessment Report* for descriptive information on the divisor.

declined slightly in every region except Atlantic Canada, where it remained stable. It should also be noted that the percentages of men and women affected by the divisor were 2.9% and 3.5%, respectively.

Chart 10: Proportion of Regular Claims Affected by the Divisor, by Region

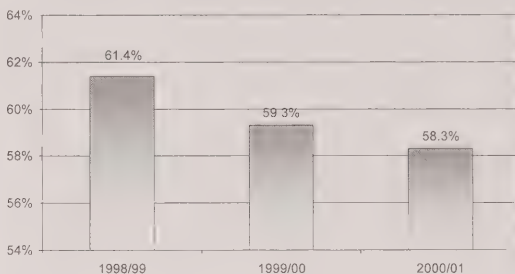


Working While on Claim²⁴

Another provision designed to encourage work force attachment is working while on claim. Claimants can earn the greater of 25% of their weekly benefit rate or \$50, referred to as allowable earnings, without incurring a reduction in their weekly benefit rate. Employment earnings above the allowable earnings threshold are deducted dollar for dollar from the claimant's weekly benefit. As reported in previous Monitoring and Assessment reports, there has been a decline in the proportion of regular claimants reporting work while on claim (refer to Chart 11). In 2000/01, a total of 812,970 or 58.3% of regular claimants reported working while on claim (refer to Annex 1.14). The decline in regular claimants working while on claim can be traced to the reduction in frequent claimants working while on claim. The proportion of regular claimants who are working while on claim and are frequent claimants declined from 27.1% in 1998/99 to 23.8% in 2000/01. This represents a decline of 3.3 percentage points, which accounts for the entire decline in the overall

reduction of regular claimants working while on claim between 1998/99 and 2000/01.

Chart 11: Proportion of Regular Claimants Working While on Claim



Evidence continues to support the finding that the working-while-on-claim provision may not be encouraging claimants to accept all available work while on claim. An update of the analysis reported in the *2001 Monitoring and Assessment Report* indicates that the vast majority of weeks worked while on claim (67%) were a "full week" and the earnings were high enough to eliminate the payment of EI benefits.²⁵ This is significant because if claimants can reduce their weekly benefit to nil then they can save that week of benefits to use later. About one quarter (25%) of weeks worked while on claim had earnings that were insufficient to reduce the claimants' benefit to zero. In these cases, the claimants were unable to save the week of benefits.

A further study of the allowable earnings provision corroborates the finding that the working-while-on-claim provision may not be encouraging claimants to accept all work available and that they may be hesitant to work while on claim unless they can reduce their overall benefits to zero and thereby keep the week of benefits for later use.²⁶ These findings suggest that continued monitoring and assessment of the working-while-on-claim provision is required.

²⁴ Analysis of the working-while-on-claim provision has been lagged by one year to ensure that claims are completed. The definition of working while on claim includes all claimants who earned income during their EI benefit period.

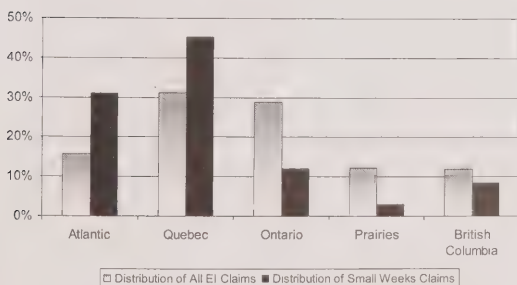
²⁵ Refer to Chapter 2 of the *2001 Monitoring and Assessment Report* for detailed information on the analysis on the working while on claim provision.

²⁶ David Gray and Shawn de Raaf, *The Impact of the Allowable Earnings Provision on EI Dependency*, Social Research and Demonstration Corporation, November 2002.

Small Weeks Initiative

A third initiative introduced to promote work force attachment is Small Weeks.²⁷ The Small Weeks provision excludes from the benefit calculation weeks with lower earnings (less than \$150), so these weeks will not impact clients' potential EI entitlement on a future claim. The Small Weeks provision did not become a national feature of the program until mid-way through the reporting period and as a result national results are not yet known. Results for the reporting period indicate that 8.1% of all EI claims established included small weeks. This represents a slight increase from the previous reporting period (7.5%), which is attributable to the provision being no longer restricted to economic regions with higher unemployment rates. As depicted in Chart 12, Atlantic Canada and Quebec have a significantly larger proportion of small weeks claims in comparison to the national distribution of EI claims. Initial analysis indicates that the Small Weeks provision is providing clients with a higher weekly benefit rate. On average, weekly benefits were \$224 or \$14 higher than they would have been without the Small Weeks provision. The Small Weeks provision and the low earnings threshold (\$150) will continue to be monitored and assessed in future reports.

Chart 12: Distribution of National EI Claims and Small Weeks Claims (2001/02)



3. Helping Canadians Balance Work and Family Pressures

In addition to assisting Canadians who are unemployed and seeking to re-enter the work force, EI also plays an important role in supporting working Canadians in their efforts to balance work and family responsibilities. As reported in Chapter 1, there is an increasing number of Canadians who are experiencing work-life conflict and stress, resulting in increased absence from work, and in some cases, job loss. In this context, enabling Canadians to meet their family demands without putting their work force participation at risk contributes to a more productive economy.

EI's impact in assisting Canadians to balance work and family pressures is assessed by examining accessibility to maternity, parental and sickness benefits, and the adequacy of these benefits. Implementation of the Compassionate Care benefit is scheduled for January 2004, and as such will be monitored and assessed in future reports.

Access to Special Benefits

The analysis of accessibility to special EI benefits is undertaken by examining the impact of the reduction in entrance requirements from 700 to 600 insured hours, access to maternity and parental benefits for new mothers, participation of men in parental benefits and sickness claims.

Reduced Entrance Requirements

The reduction in entrance requirements for special benefits resulted in an increase of approximately 18,000 new special benefits claims in 2001/02.²⁸ This is significant as it represents just under half of the growth (44%) in special claims realized over the reporting period. Of the 18,000 claims, nearly 8,000 were for maternity and/or parental benefits. Without the reduction in entrance

²⁷ Refer to Chapter 1 – Recent Legislative Context for details on national implementation of the Small Weeks provision.

²⁸ Please refer to the 2001 Monitoring and Assessment Report for details on changes to entrance requirements for special benefits.

requirements these individuals would have been unable to access special benefits. These findings indicate that the reduction in entrance requirements for special benefits has improved accessibility.

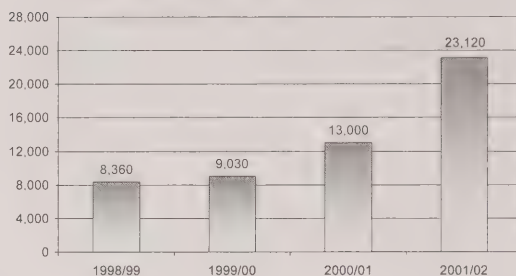
Access to Benefits for New Mothers

Access to maternity and parental benefits for new mothers has also been analyzed. Findings from a recent study²⁹ indicate that 84% of mothers who had a child aged 0 to 12 months and had insurable employment in the year before childbirth received maternity and/or parental benefits in 2001. This is a 5.0 percentage point increase from 2000 and is further evidence that the reduction in entrance requirements is working as intended. Additionally, recent analysis using COEP data reveals that 90% of women who left their employment for maternity leave had enough hours to qualify for benefits. These findings are significant as they indicate that the vast majority of women in paid employment can access maternity and parental benefits.

Participation of Men in Parental Benefits

The enhancements to maternity and parental benefits also included several changes that were designed to improve flexibility and promote increased participation of men. Results from this reporting period indicate that the proportion of new parental claims filed by men increased from 7.3% to 11.2%. In addition, the number of parental claims for men increased by nearly 80% (refer to Chart 13). The increase in the number of men collecting parental benefits suggests that the enhanced parental benefits are contributing to an increase in sharing of work-family responsibilities in the nurturing and care of children. However, it should be noted that women continue to collect the vast majority of parental benefits, reflected by the fact that women received 92% of all parental benefits paid.

Chart 13: Number of Fathers Claiming Parental (Biological) Benefits



In addition to extending duration and improving accessibility, the enhancements to parental benefits also improved flexibility by allowing parents who share benefits to serve only one waiting period instead of two. In 2001/02, just over 8,500 parental claims for men had their waiting period waived. The high rate of waiting periods being waived provides further evidence of the increased sharing of benefits among parents.

Sickness Claims

During this reporting period the number of sickness claims increased by only 1.5% and all of this increase can be attributed to the improved access from the reduction in entrance requirements from 700 to 600 hours. It is estimated that approximately 10,000 additional people qualified for sickness benefits as a result of this change. Without the increase resulting from reduced entrance requirements the volume of EI sickness claims would have declined by 1.0%. It is also important to note that the number of sickness claims in conjunction with maternity/parental claims declined by 42%. The significant decline may be attributable to enhanced parental benefits. With parents being eligible for a full year of maternity and parental benefits there may be a reduced need to claim sickness benefits in conjunction with maternity and parental benefits. The slower rate of growth for sickness benefits is significant because the volume of

²⁹ Katherine Marshall, *Benefiting from Extended Parental Leave*, Statistics Canada, March 2003, Catalogue no. 75-001-XIE.

sickness claims had increased at an average annual rate of 7.6% between 1998/99 and 2000/01.³⁰ The use of sickness benefits will continue to be monitored and assessed in future reports.

Adequacy

The adequacy of special benefits is examined by analyzing the amount of benefits paid, including the role of the Family Supplement, as well as the duration of benefits. Given the distinctive features of special benefits the analyses of maternity and parental benefits and of sickness benefits are undertaken separately.

Maternity and Parental – Level of Benefits

The average weekly benefit rate for maternity and parental benefits has increased over the years at a rate equivalent to the growth in the average weekly earnings of the Industrial Aggregate. Since 1996/97 the average weekly benefit rate for maternity and parental benefits has increased by 8.3% and 9.8%, respectively. During the reporting period, the average weekly benefit rate for maternity and parental benefits increased by 2.6% and 3.1%, respectively. This increase demonstrates that EI benefits are responding to rising wages.

Maternity and Parental – Family Supplement

Adequacy of EI benefits is also assessed by examining the effectiveness of the Family Supplement in providing additional income support to low-income families with children. In 2001/02, Family Supplement payments to maternity beneficiaries increased from \$22 million to \$25 million, representing an increase of 14%. However, it should be noted that Family Supplement payments to parental beneficiaries more than doubled from \$20 million to \$42 million, as a result of the extension of parental benefits from 10 to 35 weeks.³¹

In 2001/02, approximately 22% of maternity and 21% of parental claims were in receipt of the Family Supplement. This represents a decline in the proportion of maternity and parental claimants in receipt of the Family Supplement by 0.7 and 1.1 percentage points, respectively. As indicated earlier in this chapter, the decline can be traced to family income increasing while the Family Supplement threshold remains fixed at \$25,921. Accessibility to the Family Supplement will continue to be monitored.

It is also important to note that the Family Supplement continues to benefit women to a greater extent than it benefits men. Total Family Supplement payments to women increased by 22.0% while payments to men declined by 8.7%. The share of total Family Supplement benefits paid to women has increased from two thirds to nearly three quarters. The increase in Family Supplement payments to women can be traced to enhanced parental benefits, as women account for nearly three quarters of all special benefits claims. Further, 15% of women are entitled to the Family Supplement in comparison to 5% of men.

Maternity and Parental Benefits – Claim Duration

A key objective of the enhancements to maternity and parental benefits is to allow parents more time to spend at home with their newly born or adopted children by extending the number of weeks that benefits are available. Analysis for this reporting period indicates that a significant portion of the available entitlement is being collected. In fact, when combined with maternity benefits and the waiting period, parents are using 86.2% of the full year available to them.³² This indicates that the enhancements in

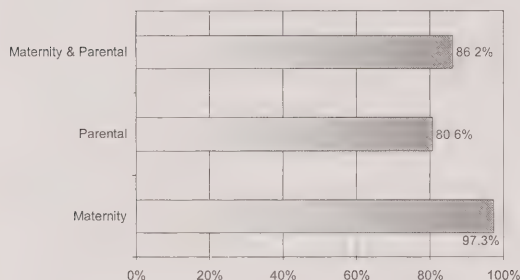
³⁰ Refer to the 2001 *Monitoring and Assessment Report* for the analysis regarding the increase in sickness claims during prior reporting periods.

³¹ The figures refer to clients who were in receipt of maternity and/or parental benefits. Clients in receipt of maternity and/or parental benefits in combination with any other type of benefits are not included.

³² To ensure that the analysis of weeks paid is based on completed claims, the data cover all parental claims that commenced during the first half of the reporting period.

parental benefits have provided families with the flexibility to care for their newly born or adopted children for an extended period of time.

Chart 14: Proportion of Entitlement Used by Maternity and Parental Claimants (2001/02)



Analysis also indicates that the Family Supplement is working as intended by ensuring that lower income claimants can fully access maternity and parental benefits. Analysis of those beneficiaries in receipt of the Family Supplement indicated that they collected an additional half week of benefits (43.3 weeks versus 42.8 weeks). This suggests that the Family Supplement top-up is allowing lower income workers to stay home with their children.

It should also be noted that there are some employers and provincial governments that provide top-ups to EI benefits. Under the EI Act and Regulations, employers and provinces are encouraged to provide support that enhances benefits. These voluntary top-ups, referred to as Supplementary Unemployment Benefits (SUB), may influence the number of weeks individuals collect maternity and parental benefits. As such, future reports will assess the extent to which these voluntary top-up plans impact the length of time individuals collect maternity and parental benefits.

Parental Benefits – Flexibility to Work While on Claim

In addition to improving the duration and promoting the sharing of benefits, the enhanced parental benefits have also allowed parents to supplement their EI benefits by allowing parents to work while on claim.³³ In 2001/02, there were approximately 20,000 claimants who reported earnings while collecting parental benefits.³⁴ This represents an increase of 62% or 7,800 claimants in comparison to the previous reporting period. These results are significant as they indicate that the enhancements are allowing new parents the flexibility to supplement EI benefits by gradually returning to the work force.

Sickness – Level of Benefits

The average weekly benefit rate for sickness benefits has increased over the years at a rate equivalent to the growth rate of the average weekly earnings of the Industrial Aggregate. Since 1996/97 the average weekly benefit rate for sickness benefits has increased by 7.6%, which is comparable to the growth rate in the average industrial wage rate over the same period. During the reporting period, the average weekly benefit for sickness benefits increased from \$268 to \$271, representing an increase of 1.0%.

Sickness – Duration of Claim

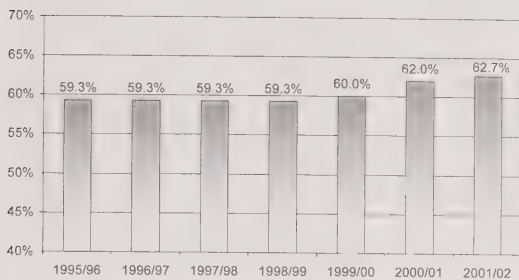
Under EI, claimants can access up to 15 weeks of sickness benefits. Analysis of the adequacy of sickness benefits is undertaken by examining the number of weeks of sickness benefits collected. Analysis indicates that, on average, claimants collected 9.4 weeks or 63% of the maximum entitlement. In addition, only one third of sickness beneficiaries collected the maximum 15 weeks of benefits. Overall, these results indicate that the 15 weeks of sickness benefits provided for under EI is meeting the

³³ Refer to Annex 1 of the *2001 Monitoring and Assessment Report* for detailed information on adjustments to parental benefits including the allowable earnings provision.

³⁴ At the time of the analysis not all claims established in 2001/02 had been finalized. As a result, the analysis of individuals working while collecting maternity and parental benefits is an approximation based on available data.

needs of most claimants. It should also be noted that nearly half (48.1%) of sickness claimants collected between 11 and 15 weeks of benefits, with 21.7% receiving between 6 and 10 weeks, and 30.2% receiving between 1 and 5 weeks of benefits.

Chart 15: Proportion of Entitlement Used by Sickness Claimants



IV. SAVINGS

Previous reports provided estimates of the incremental fiscal impact EI reform had during the reference year of the report. The reporting of the incremental impacts was necessary as some reform elements such as the Family Supplement were phased in over several years and continued to have an incremental effect on EI benefits. As of 2001/02 all reform elements are mature and as such there are no incremental fiscal impacts to report.³⁵

During 2001/02, 187,938 individuals who accessed active re-employment measures returned to work, resulting in unpaid benefits of \$650.8 million in regular EI. Corresponding with the slowdown in the labour market, both the returns to work and unpaid benefits declined in comparison to the previous reporting period, 8.8% and 10.9% respectively. An additional 7,451 individuals returned to

work following an intervention funded through the Aboriginal Human Resources Development Strategy with resulting savings of \$13.8 million.

In addition to ensuring that claimants receive those benefits to which they are entitled, the Department also has a responsibility to Canadians to prevent abuse of the Employment Insurance program. Protection of the EI program involves several types of activities. In 2001/02, Investigation and Control activities shifted emphasis from detection to prevention and deterrence activities. This shift resulted in a slight reduction in savings to the EI Account, from \$553 million in the previous fiscal year to \$543 million in 2001/02. This represents savings of \$9.16 for every dollar spent on these activities. Total savings comprised overpayments (\$161 million), administrative penalties (\$84 million) and the value of benefits not paid out (\$298 million).

In an effort to reduce the incidence of misuse, EI reform introduced modifications to the manner in which claimants are penalized. Effective January 1997, claimants who knowingly misuse EI receive a "violation" in addition to a financial penalty.³⁶ The violation requires the claimant to have additional insured hours to qualify for subsequent benefits. Such claimants who re-apply for benefits without having met the additional entrance requirements create savings in terms of benefits that are not paid. In 2001/02, there were an estimated 6,600 individuals who were unable to establish a claim as a direct result of higher entrance requirements. These cases resulted in estimated savings to the EI Account of over \$35 million.³⁷

³⁵ The intensity rule was eliminated effective October 1, 2000. MIE was reduced to \$750 in 1996, then converted to \$39,000 per year in 1997 and frozen at that level until the year 2000. The Family Supplement provision was fully implemented as of 2000. Modifications to the benefit repayment provision implemented with EI reform were further adjusted (Bill C-2) and as a result the provision was mature as of tax year 1999.

³⁶ Refer to Annex 1 of the *2000 Monitoring and Assessment Report* for information on violations.

³⁷ Savings have been estimated based on the number of individuals unable to qualify due to a violation and the average duration and entitlement.

Income Benefits Data Tables

- 1.1 Unemployment Rates by EI Region
- 1.2 Total Income Benefits
- 1.3 Total Income Benefits by Industry
- 1.4 Regular Benefits
- 1.5 Distribution of Claims for Regular Benefits by Duration of Insured Employment
- 1.6 Fishing Benefits
- 1.7 Frequent Claimants
- 1.8 Special Benefits
- 1.9 Maternity Benefits
- 1.10 Parental Benefits (Biological)
- 1.11 Parental Benefits (Adoptive)
- 1.12 Sickness Benefits
- 1.13 Family Supplement
- 1.14 Working While on Claim
- 1.15 Benefit Repayment Provision

Unemployment Rates by EI Region (%)

	June 2000	Sept. 2000	Dec. 2000	March 2001	June 2001	Sept. 2001	Dec. 2001	March 2002
Newfoundland and Labrador								
St. John's	9.2	9.3	8.9	8.3	8.7	9.7	9.2	8.7
Newfoundland/Labrador	20.1	20.3	22.3	21.2	21.1	19.2	20.1	22.2
Prince Edward Island								
Prince Edward Island	11.3	12.3	12.9	11.4	12.0	11.8	12.1	13.3
Nova Scotia								
Eastern Nova Scotia	15.4	18.7	16.5	16.4	18.6	16.3	15.7	14.9
Western Nova Scotia	8.9	9.8	10.0	9.6	10.5	10.6	9.8	11.0
Halifax	5.5	6.2	6.0	7.3	6.6	6.9	7.3	7.7
New Brunswick								
Fredericton-Moncton-St. John	7.5	8.1	7.6	8.6	8.7	9.0	8.0	7.9
Madawaska-Charlotte	10.2	13.9	14.2	15.5	14.9	13.5	14.2	14.4
Restigouche-Albert	16.1	15.5	15.6	17.3	16.8	16.9	17.2	17.3
Quebec								
Gaspésie--Îles-de-la-Madeleine	20.1	19.0	20.9	21.6	20.3	19.0	19.4	19.8
Québec	8.3	8.7	6.8	7.1	8.6	8.2	7.4	7.4
Trois-Rivières	10.7	11.3	10.0	9.5	7.9	9.5	11.0	11.6
Quebec Centre South	5.3	5.0	6.8	5.3	5.5	5.7	6.2	5.5
Sherbrooke	8.7	7.5	7.7	8.7	7.2	6.6	8.6	8.5
Montréal	7.5	6.8	6.4	7.3	7.9	7.3	7.5	8.4
Montréal	7.7	7.8	7.9	8.0	8.2	7.6	8.8	8.9
Central Quebec	11.2	10.2	9.8	10.2	10.4	9.3	9.8	11.0
North Western Quebec	17.7	16.7	15.7	16.7	17.8	17.8	17.7	16.7
Bas-Saint-Laurent--Côte-Nord	11.2	16.8	18.2	18.9	18.5	15.1	15.1	15.6
Hull	4.9	6.8	5.7	6.8	7.8	7.7	6.3	7.7
Chicoutimi-Jonquière	9.7	8.8	10.1	10.5	10.8	11.2	11.6	12.2
Ontario								
Ottawa	5.3	5.8	4.9	4.4	5.2	7.7	7.0	7.3
Eastern Ontario	7.5	7.2	5.9	7.7	6.0	6.6	8.0	8.0
Kingston	7.4	5.9	5.2	6.6	7.4	6.4	4.9	6.5
Central Ontario	5.7	6.1	5.1	4.8	4.9	7.0	6.8	7.0
Oshawa	5.7	5.8	5.6	5.4	5.2	5.5	6.1	8.3
Toronto	5.3	5.4	5.7	5.8	6.0	6.4	6.8	6.9
Hamilton	4.7	4.5	5.9	5.9	6.5	6.1	6.2	6.5
St. Catharines	5.6	5.5	6.6	7.6	6.5	5.5	5.7	7.2
London	6.3	6.1	6.0	6.1	6.3	6.5	6.6	6.9
Niagara	7.6	7.5	7.8	7.1	5.0	5.5	8.4	8.1
Windsor	5.3	4.6	5.5	6.7	6.4	7.1	6.3	8.8
Kitchener	4.8	5.8	6.3	5.9	5.7	6.3	6.7	6.5
Huron	6.3	7.9	8.6	10.0	9.0	7.0	7.0	9.0
South Central Ontario	3.5	3.9	4.6	4.0	3.8	4.7	5.0	5.7
Sudbury	7.2	8.4	8.6	7.7	8.3	9.5	9.2	10.9
Thunder Bay	5.7	7.7	7.2	7.8	8.2	8.7	8.8	8.2
Northern Ontario	11.1	12.6	13.8	12.7	11.3	12.6	11.2	11.6

Unemployment Rates by EI Region (%)

	June 2000	Sept. 2000	Dec. 2000	March 2001	June 2001	Sept. 2001	Dec. 2001	March 2002
Manitoba								
Winnipeg	5.4	5.2	5.0	5.0	5.2	5.4	5.0	5.8
Southern Manitoba	4.6	5.0	5.4	5.0	6.0	6.1	5.2	5.3
Northern Manitoba	21.9	22.8	22.3	22.6	22.7	22.6	24.1	25.6
Saskatchewan								
Regina	4.9	5.2	4.8	5.3	5.8	5.2	5.4	5.6
Saskatoon	5.9	6.0	5.4	5.9	6.4	5.4	6.9	5.6
Southern Saskatchewan	5.9	6.4	6.7	6.2	6.7	7.0	6.7	6.7
Northern Saskatchewan	12.6	13.6	13.6	14.3	14.2	14.3	14.6	15.3
Alberta								
Calgary	5.1	4.5	4.1	4.8	4.3	4.7	4.6	5.0
Edmonton	5.3	6.2	5.8	5.3	5.5	4.1	5.5	5.1
Northern Alberta	9.6	10.8	9.9	8.7	9.7	9.7	8.9	9.5
Southern Alberta	6.3	6.8	6.4	6.2	6.0	5.9	5.9	6.7
British Columbia								
Southern Interior BC	10.8	10.7	10.1	9.5	9.7	10.9	10.2	9.9
Abbotsford	7.0	9.4	7.9	7.0	5.8	6.1	7.7	7.3
Vancouver	5.6	6.1	6.0	6.0	5.7	6.5	8.2	8.3
Victoria	6.8	8.2	7.3	6.2	6.8	6.7	6.6	8.1
Southern Coastal BC	8.7	11.0	10.2	10.1	11.4	12.1	13.2	12.0
Northern BC	11.6	13.6	13.1	12.1	12.5	12.3	13.2	15.5
Territories¹								
Yukon	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Northwest Territories	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Nunavut	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
CANADA	7.2	7.4	7.4	7.4	7.5	7.7	7.8	8.4

Source: Labour Force Survey

Shaded regions indicate those that participated in the original Small Weeks adjustment projects.

1. The Yukon, Northwest Territories and Nunavut unemployment rate is set at 25% for EI purposes since the territories are not included in the Labour Force Survey.

Total Income Benefits

	New Claims ¹						Average Weekly Benefit						Amount Paid ²					
	2001/ 2002 (000)	Percentage Change				2001/ 2002 (\$)	Percentage Change				2001/ 2002 (\$M)	Percentage Change						
		2000/01 2001/02	1999/00 2000/01	1998/99 1999/00	1995/96 1997/98		2000/01 2001/02	1999/00 2000/01	1998/99 1999/00	1995/96 1997/98		2000/01 2001/02	1999/00 2000/01	1998/99 1999/00	1995/96 1997/98			
Province/Territory																		
Newfoundland and Labrador	90	4.4	1.8	-2.9	-5.9	294	2.6	5.8	2.5	-3.0	672.8	10.7	2.4	0.4	-6.3			
Prince Edward Island	26	7.4	4.4	-4.1	-2.6	281	3.2	5.6	2.1	-3.5	158.5	6.7	4.1	-4.5	-6.6			
Nova Scotia	89	2.1	2.9	-1.1	-11.8	285	3.3	3.5	1.9	-1.2	542.7	10.2	4.0	-3.3	-16.7			
New Brunswick	95	2.1	0.3	-2.4	-8.6	283	2.2	5.7	2.6	-3.3	627.5	15.4	2.0	-5.9	-15.1			
Quebec	602	8.0	2.1	-2.2	-11.1	294	2.7	4.3	0.8	0.5	3,459.8	19.6	-0.4	-6.1	-16.3			
Ontario	555	16.5	7.8	-9.1	-19.3	317	1.6	4.0	1.4	0.4	3,289.9	39.3	1.7	-10.5	-15.9			
Manitoba	59	8.9	0.2	-6.2	-15.2	284	1.4	2.2	3.0	1.1	319.3	20.9	-1.7	-1.4	-16.8			
Saskatchewan	44	3.8	-1.7	-9.5	-17.7	294	1.7	3.1	-0.4	3.2	253.1	10.0	1.5	-5.8	-19.4			
Alberta	133	11.2	-6.5	-14.0	-21.4	318	3.9	3.9	-2.3	1.7	758.6	21.3	-12.2	-5.3	-32.1			
British Columbia	230	11.5	-0.5	-12.1	10.0	316	3.2	3.2	-0.4	0.0	1,406.7	28.4	-7.1	-13.2	-11.5			
Nunavut	1	12.9	-5.7	N/A	N/A	329	-2.8	1.2	N/A	N/A	10.0	23.2	-11.3	N/A	N/A			
Northwest Territories	2	2.3	-11.5	-4.2	-14.6	368	8.0	0.6	-1.0	2.2	18.1	3.7	-8.7	-2.5	-13.7			
Yukon	2	-6.0	-8.4	-1.4	3.3	346	1.2	-0.5	2.4	3.8	19.2	-5.0	-6.1	-12.6	0.8			
Sex																		
Men	1,056	10.3	4.6	-9.8	-13.9	334	2.3	3.9	0.3	-0.8	6,440.7	19.0	-0.9	-10.5	-17.8			
Women	874	9.7	-0.1	-2.6	-13.9	267	3.1	3.8	2.3	1.3	5,095.5	30.7	-1.2	-2.9	-13.6			
Age																		
Under 25	253	7.8	2.5	-6.8	-20.9	251	3.8	5.1	1.5	2.0	1,237.2	26.4	-0.4	-6.4	-22.8			
25 to 44	1,105	9.6	0.4	-8.0	-15.2	313	2.7	3.8	0.8	-0.5	7,099.0	26.7	-2.8	-7.8	-17.5			
45 to 54	382	11.4	6.8	-4.1	-6.3	311	2.1	4.6	-0.2	-1.1	2,105.7	18.0	2.6	-6.7	-9.3			
55 and over	191	12.9	5.7	-2.3	-8.1	300	1.5	4.3	-0.3	-0.6	1,094.3	16.2	2.5	-7.4	-11.6			
EI History ³																		
First-time Claimants	815	19.5	7.3	-3.2	-10.0	294	4.1	3.4	0.7	1.8	4,963.4	39.4	0.0	-3.0	-11.0			
Occasional Claimants	574	7.6	3.3	-7.2	-20.2	296	2.7	4.8	1.0	0.9	3,255.6	21.6	-0.4	-7.3	-21.4			
Frequent Claimants	541	0.5	-4.0	-9.7	-11.7	326	1.8	5.1	0.5	-2.6	3,317.3	8.0	-2.6	-12.1	-16.3			
NATIONAL	1,930	10.0	2.4	-6.6	-13.9	304	2.6	4.1	0.6	0.0	11,536.2	23.9	-1.0	-7.4	-16.1			

Source: EI Administrative Data

N/A = not applicable

1. Includes claims on which at least \$1 of EI benefits was paid.

2. Amount paid represents benefit payments under regular, fishing, special (sickness, maternity, parental/adoption), employment (Sec. 25 of EI Act) and work sharing benefits. Payments under Part II of the EI Act are not included.

3. First-time claimants are defined as individuals who did not have a claim in the five years prior to their current claim. Occasional claimants are defined as individuals who have had fewer than three active claims in the five years prior to their current claim. Frequent claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim.

Total Income Benefits by Industry

	2001/2002 (\$M)	Percentage Change			
		2000/01 2001/02	1999/00 2000/01	1998/99 1999/00	1995/96 1997/98
Primary					
Agriculture	221	7.7	-0.5	-8.7	-17.2
Fishing and Trapping	130	15.0	5.4	-7.1	-12.9
Fish Harvesting (self-employed) ¹	250	-0.5	7.1	-1.3	1.2
Logging and Forestry	291	11.2	-3.6	-17.1	-5.9
Mining	185	17.1	-15.8	-25.7	-10.3
Manufacturing	2,208	35.9	2.8	-5.9	-18.8
Construction	1,525	11.6	-1.0	-12.8	-21.4
Transportation, Storage and Communications					
Transportation and Storage	440	25.9	-7.2	-9.3	-8.3
Communications	193	37.2	-18.6	-6.0	-2.9
Trade and Commerce					
Wholesale Trade ²	619	25.4	5.3	-28.6	8.2
Retail Trade	729	13.0	-5.0	-5.2	-22.0
Finance, Insurance and Real Estate					
Finance and Insurance	309	33.3	-6.0	4.6	2.5
Real Estate	130	17.6	-1.8	-11.9	-18.7
Community, Business and Personal Services					
Business Services	967	50.4	1.9	-5.5	-11.0
Education	575	25.0	-6.3	2.1	-13.6
Health and Social Services	633	31.1	-5.8	-7.4	-14.5
Accommodation, Food and Beverage Services	487	13.0	-1.9	-7.0	-10.6
Other Services	703	18.5	-1.3	-11.8	-15.2
Public Administration					
Government Services ²	717	19.2	3.6	44.4	-46.7
Unclassified	224	54.7	14.4	-5.8	-4.0
ALL INDUSTRIES	11,536	23.9	-1.0	-7.4	-16.1

Source: EI Administrative Data

1. Includes fishing benefits paid to self-employed fishers as well as other types of benefits collected by these claimants, such as special benefits and employment benefits (Part II).

2. There were changes to the process for assigning classification codes in 1999/00 to these sectors that affect results reported.

Regular Benefits

	New Claims ¹				Average Weekly Benefit						Amount Paid ²					
	2001/ 2002 (000)	Percentage Change				2001/ 2002 (\$)	Percentage Change				2001/ 2002 (\$M)	Percentage Change				
		2000/01	1999/00	1998/99	1995/96		2000/01	1999/00	1998/99	1995/96		2000/01	1999/00	1998/99	1995/96	
		2001/02	2000/01	1999/00	1997/98		2001/02	2000/01	1999/00	1997/98		2001/02	2000/01	1999/00	1997/98	
Province/Territory																
Newfoundland and Labrador	72	3.5	0.4	-3.9	-10.0	283	3.6	6.4	0.4	-2.7	503.3	12.0	-1.0	0.0	-10.0	
Prince Edward Island	20	1.8	3.0	-6.4	-1.8	265	1.9	6.1	1.4	-2.2	113.2	3.1	3.2	-8.3	-7.0	
Nova Scotia	72	0.4	2.6	-1.6	-14.1	282	3.3	4.3	2.4	-0.3	413.2	7.0	5.5	-4.0	-19.0	
New Brunswick	80	1.0	-0.8	-4.2	-11.1	281	1.7	6.4	2.6	-3.1	508.0	12.8	1.8	-7.6	-17.0	
Quebec	496	5.4	0.2	-3.2	-14.0	295	2.7	4.7	0.8	0.8	2,636.3	14.4	-2.7	-6.6	-17.0	
Ontario	397	14.9	8.4	-13.0	-23.7	320	1.2	5.0	1.4	1.1	2,039.6	30.8	2.4	-15.4	-19.0	
Manitoba	42	5.2	-2.3	-7.8	-20.0	288	1.3	2.5	2.1	1.8	195.2	10.4	-4.1	-4.1	-22.0	
Saskatchewan	33	1.9	-3.2	-10.9	-22.6	301	1.7	3.6	-1.1	5.2	169.1	-0.5	-0.1	-6.1	-24.0	
Alberta	91	9.7	-12.2	-18.6	-29.8	329	4.5	4.5	-2.8	3.1	436.1	6.0	-18.1	-8.2	-41.0	
British Columbia	173	11.0	-3.1	-13.7	-13.0	319	3.2	4.0	-0.4	0.4	959.3	22.6	-10.2	-14.9	-13.0	
Nunavut	1	4.4	-2.2	N/A	N/A	337	1.0	1.0	N/A	N/A	7.1	15.8	-11.3	N/A	N/A	
Northwest Territories	2	-3.1	-17.3	-2.4	-23.2	374	10.3	1.5	-1.6	3.1	12.4	-0.1	-15.0	-0.9	-19.2	
Yukon	2	-5.1	-6.1	-8.3	2.2	350	2.0	0.2	1.4	4.7	15.5	-4.6	-8.5	-18.3	0.7	
Sex																
Men	902	8.6	3.1	-11.0	-16.2	333	2.2	4.2	0.1	-0.7	5,486.6	19.0	-2.0	-11.2	-19.0	
Women	578	6.9	-2.5	-4.7	-19.5	260	3.3	4.9	2.2	2.0	2,521.4	13.4	-4.2	-5.4	-18.0	
Age																
Under 25	188	6.4	0.0	-9.4	-27.2	258	4.3	5.6	1.1	3.1	811.3	20.2	-2.6	-9.1	-28.0	
25 to 44	809	6.6	-1.4	-10.5	-19.3	313	2.7	4.6	0.5	-0.1	4,453.7	16.3	-5.1	-10.2	-21.0	
45 to 54	324	10.5	5.3	-5.0	-8.0	312	2.1	4.8	-0.3	-1.1	1,801.6	18.8	1.1	-7.8	-10.0	
55 and over	159	11.3	4.7	-2.7	-9.6	301	1.5	4.6	-0.4	-0.2	941.5	15.7	1.8	-8.5	-12.0	
EI History ³																
First-time Claimants	505	17.6	6.1	-6.5	-16.9	291	4.5	4.5	0.5	3.6	2,677.1	29.0	-2.9	-5.6	-15.0	
Occasional Claimants	475	7.6	2.6	-8.4	-23.7	298	3.0	5.4	0.6	1.1	2,438.1	18.2	-1.6	-8.3	-24.0	
Frequent Claimants	500	-0.1	-4.8	-10.1	-12.7	324	1.8	5.2	0.3	-2.4	2,892.8	7.3	-3.5	-12.8	-17.0	
NATIONAL	1,480	7.9	0.8	-8.5	-17.6	305	2.7	4.8	0.4	0.5	8,008.0	17.2	-2.7	-9.4	-19.0	

Source: EI Administrative Data

N/A = not applicable

1. Includes claims on which at least \$1 of regular benefits was paid.

2. Amount paid includes Family Supplement top-ups paid to regular claimants.

3. First-time claimants are defined as individuals who did not have a claim in the five years prior to their current claim. Occasional claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim. Frequent claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim.

Distribution of Claims for Regular Benefits by Duration of Insured Employment¹

	New Claims ² 2001-2002				Percentage Change 2000/01-2001/02				Percentage Change 1999/00-2000/01				Percentage Change 1998/99-1999/00				Percentage Change 1995/96-1997/98			
	Short spells ³	Medium spells ⁴	Long spells ⁵		Short spells ³	Medium spells ⁴	Long spells ⁵		Short spells ³	Medium spells ⁴	Long spells ⁵		Short spells ³	Medium spells ⁴	Long spells ⁵		Short spells ³	Medium spells ⁴	Long spells ⁵	
Province/Territory																				
Newfoundland and Labrador	7,680	43,570	20,890		-2.7	4.5	4.0		-6.0	-2.1	9.2		-13.6	-4.6	2.9		-56.4	6.3	11.2	
Prince Edward Island	2,250	12,010	5,900		21.6	-0.7	0.7		3.4	0.4	8.7		-19.7	-4.4	-5.6		-66.0	19.5	52.8	
Nova Scotia	4,830	39,700	27,050		-4.5	-1.5	4.2		-4.3	0.1	8.4		1.0	-1.2	-2.8		-59.4	-11.9	8.0	
New Brunswick	5,210	49,140	25,950		19.2	-0.1	0.1		-15.6	-3.8	8.9		-18.9	-4.4	0.0		-70.8	4.7	22.7	
Quebec	23,700	279,230	193,180		-5.4	4.9	7.7		0.7	-3.2	5.7		-5.8	-3.1	-2.9		-47.2	-14.6	-5.0	
Ontario	11,500	184,950	200,150		3.9	10.4	20.2		-7.4	0.2	19.5		-13.6	-9.2	-17.1		-41.7	-27.0	-17.8	
Manitoba	1,700	23,190	16,740		-4.5	5.6	5.7		-15.6	-6.7	6.5		13.4	-3.9	-15.4		-62.0	-20.2	-14.1	
Saskatchewan	1,260	18,940	13,210		9.6	2.3	0.6		-2.5	-4.7	-1.1		-18.6	-2.8	-20.0		-62.1	-27.3	-7.2	
Alberta	2,240	43,250	45,480		1.8	3.9	16.3		-29.7	-13.9	-9.1		-8.5	-11.5	-25.9		-52.1	-32.4	-23.8	
British Columbia	6,520	86,440	79,870		-3.0	1.9	24.6		-15.9	-6.2	3.2		-10.2	-10.9	-17.8		-36.2	-14.5	-6.9	
Nunavut	30	540	370		0.0	-1.8	15.6		-25.0	7.8	-13.5		N/A	N/A	N/A		N/A	N/A	N/A	
Northwest Territories	30	780	770		-40.0	-17.0	20.3		-66.7	-19.7	-1.5		-26.9	20.9	-22.1		-42.3	-27.3	-10.7	
Yukon	90	1,320	650		-25.0	-0.8	-9.7		20.0	-1.5	-16.3		-23.1	-13.5	3.6		-54.2	-8.3	38.8	
Sex																				
Men	37,470	446,850	417,920		2.9	5.8	12.3		-6.2	-3.3	12.6		-11.1	-8.2	-14.4		-56.3	-21.8	5.2	
Women	29,570	336,210	212,290		-4.4	3.6	14.5		-7.3	-3.5	0.1		-7.8	-3.2	-6.7		-45.9	-10.4	-25.5	
Age																				
Under 25	8,260	111,510	68,700		4.6	3.7	11.3		-1.0	-3.3	6.5		-4.0	-8.0	-12.7		-58.0	-29.2	-14.1	
25 to 44	34,210	409,780	364,460		-3.3	2.9	12.2		-11.1	-5.4	5.4		-11.9	-8.6	-12.7		-53.4	-19.2	-11.3	
45 to 54	14,260	172,400	137,770		-4.2	8.3	15.3		-3.5	-0.2	14.8		-9.7	-1.6	-9.1		-45.8	-6.1	-1.8	
55 and over	10,310	89,370	59,280		12.2	9.1	14.6		2.1	0.4	12.8		-3.1	2.4	-10.5		-50.2	-5.7	-3.7	
El History⁶																				
First-time Claimants	7,600	213,470	284,320		0.9	9.6	25.1		7.9	1.2	10.6		-4.6	-3.7	-9.0		-30.8	-17.2	-16.3	
Occasional Claimants	28,920	244,380	201,960		1.4	6.0	10.5		-3.0	-2.2	10.5		-1.6	-4.9	-14.0		-41.9	-23.8	-20.1	
Frequent Claimants	30,520	325,210	143,930		-2.5	1.2	-2.5		-12.6	-6.8	1.8		-16.0	-8.1	-13.2		-58.8	-13.0	25.2	
NATIONAL	67,040	783,060	630,210		-0.5	4.9	13.0		-6.7	-3.4	8.1		-9.6	-6.1	-11.8		-52.4	-17.4	-9.2	

Source: EI Administrative Data

N/A = not applicable

1. Due to a methodological change, percent changes have been revised back to 1995/96.

2. Includes claims on which at least \$1 of regular benefits was paid.

3. Short spells - duration of insured employment is at the minimum entrance requirement or up to two weeks above the minimum entrance requirement.

4. Medium spells - duration of insured employment is two weeks greater than the minimum entrance requirement but less than six months.

5. Long spells - duration of insured employment is at least six months over the minimum entrance requirement.

6. First-time claimants are defined as individuals who did not have a claim in the five years prior to their current claim. Occasional claimants are defined as individuals who have had fewer than three active claims in the five years prior to their current claim. Frequent claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim.

Fishing Benefits

	New Claims ¹						Average Weekly Benefit						Amount Paid ²							
	2001/ 2002		Percentage Change				2001/ 2002 (\$)		Percentage Change				2001/ 2002 (\$M)		Percentage Change					
			2000/01	1999/00	1998/99	1995/96			2000/01	1999/00	1998/99	1995/96			2000/01	1999/00	1998/99	1995/96		
	2000/01	2001/02	1999/00	2000/01	1998/99	1995/96	1997/98	2000/01	2001/02	1999/00	2000/01	1998/99	1995/96	1997/98	2000/01	2001/02	1999/00	1995/96	1997/98	
Province/Territory	2001/ 2002	2000/01	2001/02	1999/00	2000/01	1998/99	1995/96	1997/98	2000/01	2001/02	1999/00	2000/01	1998/99	1995/96	1997/98	2000/01	2001/02	1999/00	1995/96	1997/98
Newfoundland and Labrador	13,050	6.2	13.2	4.6	29.1	-1.1	2.4	10.1	-13.1	108.8	0.5	15.3	7.8	17.9						
Prince Edward Island	3,016	23.9	18.5	3.9	-18.2	2.2	2.1	0.0	-6.6	24.7	19.7	7.0	6.4	-18.2						
Nova Scotia	4,491	7.4	0.1	-14.2	-1.8	4.2	2.2	-1.3	-9.3	36.3	9.0	-9.8	-11.4	-9.9						
New Brunswick	2,871	4.4	2.2	1.5	2.0	3.7	1.6	-0.8	-6.1	22.3	3.4	7.2	-3.4	-13.5						
Quebec	1,965	5.5	50.5	0.5	10.2	1.1	1.1	0.0	-10.9	13.2	6.4	24.3	-5.7	-6.0						
Ontario	114	4.6	-11.4	24.2	-10.3	-0.2	-2.9	4.9	-4.3	1.0	-18.5	4.4	35.1	-30.9						
Manitoba	845	27.5	1.8	17.9	-7.3	-3.4	5.2	3.6	-8.2	7.0	2.3	16.1	24.1	6.2						
Saskatchewan	154	20.3	19.6	-3.6	50.9	-2.3	-2.8	4.2	-14.5	1.0	18.3	22.2	-5.5	6.5						
Alberta	43	-17.3	18.2	-17.0	66.7	8.2	2.1	2.8	-16.0	0.4	33.9	-19.6	16.3	123.4						
British Columbia	3,961	6.6	7.5	-16.2	6.0	0.2	8.6	-0.6	-3.0	31.6	6.2	5.8	-13.9	-3.6						
Nunavut	10	0	N/A	N/A	N/A	-13.5	N/A	N/A	N/A	0.0	-100.0	-86.0	N/A	N/A						
Northwest Territories	30	25.0	-27.3	-32.7	17.6	-2.6	-9.8	3.6	-1.3	0.5	51.3	15.6	24.8	163.5						
Yukon	2	-60.0	-16.7	200.0	-20.0	-7.0	-2.6	-15.7	-11.0	0.0	-100.0	361.5	-80.0	-11.1						
Sex																				
Men	25,677	7.8	8.8	-4.5	-3.9	1.0	2.9	5.4	-9.5	209.6	4.7	6.2	-1.9	-1.0						
Women	4,875	10.8	24.4	12.0	15.9	-1.0	5.0	4.1	-10.4	37.3	5.3	24.8	9.8	-7.0						
Age																				
Under 25	2,337	0.4	11.2	5.8	-57.3	-2.4	2.5	3.3	-5.2	19.2	-4.7	13.2	11.2	-6.6						
25 to 44	15,143	5.2	9.1	-3.3	363.9	0.8	2.7	9.7	-9.6	123.0	2.2	7.5	-2.7	-3.2						
45 to 54	8,327	11.0	12.8	-1.4	-74.3	0.6	3.4	3.7	-10.6	66.8	7.3	11.9	0.7	2.8						
55 and over	4,745	18.3	14.4	-6.3	-83.7	2.1	4.0	4.4	-10.7	37.8	15.4	4.0	-0.2	0.1						
EI History ³																				
First-time Claimants	1,381	1.0	-5.5	-55.0	-91.8	-2.8	0.9	9.0	-5.8	10.9	-15.1	-7.6	6.2	93.5						
Occasional Claimants	4,037	-20.7	1.9	-13.2	350.8	-3.3	1.1	6.5	-9.2	33.1	-16.9	-2.2	15.1	35.8						
Frequent Claimants	25,134	15.5	14.6	10.9	492.7	1.1	3.2	1.4	-8.7	202.9	10.9	12.7	-4.2	-8.5						
NATIONAL	30,552	8.2	11.0	-2.5	7.8	0.7	3.0	3.7	-9.4	246.9	4.8	8.6	-0.5	-1.7						

Source: EI Administrative Data

Source: EI Administrative Data

N/A = not applicable

1. Includes claims on which at least \$1 of fishing benefits was paid.

2. Amount paid includes Family Supplement top-ups paid to fishing claimants.

3. First-time claimants are defined as individuals who did not have a claim in the five years prior to their current claim. Occasional claimants are defined as individuals who have had fewer than three active claims in the five years prior to their current claim. Frequent claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim

Frequent Claimants¹

	New Claims ²					Average Weekly Benefit					Amount Paid				
	2001/ 2002	Percentage Change				2001/ 2002	Percentage Change				2001/ 2002	Percentage Change			
		2000/01 2001/02	1999/00 2000/01	1998/99 1999/00	1995/96 1997/98		2000/01 2001/02	1999/00 2000/01	1998/99 1999/00	1995/96 1997/98		2000/01 2001/02	1999/00 2000/01	1998/99 1999/00	1995/96 1997/98
Province/Territory															
Newfoundland and Labrador	53,633	9.7	5.3	-2.0	-10.7	324	2.1	7.1	3.1	-4.1	412.0	15.2	7.2	-5.9	-11.1
Prince Edward Island	15,547	6.1	3.7	-5.1	-6.7	300	3.0	6.0	3.3	-6.5	100.5	6.3	2.5	-7.0	-11.5
Nova Scotia	38,818	-0.3	-1.1	-7.1	-9.3	313	2.4	6.1	1.0	-4.0	254.4	5.5	3.1	-10.3	-18.0
New Brunswick	48,790	-1.3	-2.7	-6.1	-7.9	308	2.1	6.9	2.0	-4.4	347.2	10.5	0.0	-9.1	-15.6
Quebec	194,818	0.0	-5.2	-7.8	-9.3	323	1.9	5.5	0.5	-2.4	1,093.6	6.6	-5.4	-10.7	-14.7
Ontario	82,933	-1.9	-7.8	-14.6	-17.9	344	1.5	4.1	0.6	-1.3	392.8	3.4	-4.4	-20.5	-17.3
Manitoba	12,529	-1.7	-7.9	-8.8	-17.9	315	0.7	4.2	1.0	0.0	61.9	0.3	-4.9	-5.9	-21.8
Saskatchewan	10,700	-2.2	-4.0	-11.7	-22.2	328	0.7	4.6	0.1	1.0	57.7	-3.9	2.3	-8.1	-27.2
Alberta	17,069	-4.7	-7.4	-22.9	-28.9	361	2.1	4.0	-1.5	-0.3	86.8	-3.5	-8.4	-21.5	-42.7
British Columbia	48,453	1.2	-5.2	-13.4	-12.4	346	2.0	4.6	-0.8	-2.3	276.1	13.7	-9.1	-18.2	-15.7
Nunavut	246	56.7	-7.6	N/A	N/A	350	1.1	9.1	N/A	N/A	1.6	-6.7	38.4	N/A	N/A
Northwest Territories	468	26.8	-35.4	8.0	-5.3	383	-0.9	12.2	-2.1	-2.9	4.5	22.3	-6.0	-36.5	-4.7
Yukon	790	-6.2	-3.4	-11.9	-11.4	389	4.0	2.7	-1.3	-3.6	6.8	1.0	2.3	-22.6	-23.2
Sex															
Men	354,812	1.4	-3.2	-10.1	-12.4	357	1.2	4.9	-0.1	-3.3	2,395.8	8.1	-1.9	-13.5	-16.6
Women	169,982	-1.3	-6.0	-8.4	-13.0	264	2.9	5.6	2.5	-0.9	699.9	5.5	-4.8	-8.5	-17.0
Age															
Under 25	15,111	1.6	-9.8	-20.0	-29.3	318	2.9	7.7	3.4	-2.5	91.1	8.5	-11.3	-15.3	-34.8
25 to 44	275,335	-3.0	-7.9	-12.1	-16.4	334	2.1	5.3	0.7	-2.3	1,659.6	4.5	-6.2	-14.6	-19.9
45 to 54	151,312	3.8	1.4	-5.4	-3.2	324	1.7	5.4	-0.2	-3.5	862.7	11.4	3.1	-9.6	-7.6
55 and over	83,036	7.0	2.0	-3.2	-3.9	312	1.8	5.1	0.0	-3.0	482.3	11.4	3.7	-6.7	-9.7
Seasonality³															
Seasonal	419,804	0.9	-3.7	-7.5	-11.2	329	2.0	5.2	0.4	-2.5	2,435.7	5.8	-1.8	-10.6	-16.6
Non-seasonal	104,990	-1.2	-5.6	-16.8	-17.0	318	1.3	5.3	0.3	-3.3	660.1	14.4	-5.7	-18.7	-16.9
NATIONAL	524,794	0.5	-4.1	-9.6	-12.6	327	1.9	5.2	0.4	-2.7	3,095.7	7.5	-2.6	-12.4	-16.7

Source: EI Administrative Data

N/A = not applicable

1. This includes both regular and fishing claims.

2. Includes claims on which at least \$1 of regular or fishing benefits was paid.

3. Individuals who started previous claims at about the same time of the year as their current claim are considered seasonal claimants.

Special Benefits¹

	New Claims ²					Amount Paid				
	2001/ 2002	Percentage Change				2001/2002 (\$M)	Percentage Change			
		2000/01 2001/02	1999/00 2000/01	1998/99 1999/00	1995/96 1997/98		2000/01 2001/02	1999/00 2000/01	1998/99 1999/00	1995/96 1997/98
Province/Territory										
Newfoundland and Labrador	8,470	14.8	9.3	-7.3	5.3	38.7	42.4	11.7	-1.6	3.1
Prince Edward Island	2,880	-1.4	12.7	13.6	18.2	77.1	33.9	12.7	13.8	38.8
Nova Scotia	16,890	8.6	10.8	4.4	-4.6	77.1	41.3	9.1	8.3	-2.5
New Brunswick	16,990	8.5	3.8	11.7	6.8	70.6	44.2	0.9	11.4	7.7
Quebec	129,880	10.3	6.8	8.7	-3.7	671.6	49.2	8.1	6.4	-4.3
Ontario	159,650	9.4	4.4	1.9	-4.0	1,133.5	56.6	3.4	2.5	-2.9
Manitoba	16,400	9.2	8.0	-2.2	-1.8	93.7	57.3	1.0	4.8	-0.2
Saskatchewan	11,290	6.3	4.4	-2.6	2.4	70.3	50.1	8.2	-2.1	1.3
Alberta	41,880	11.1	6.6	0.5	5.3	270.5	64.1	4.3	5.0	8.9
British Columbia	60,320	8.1	7.0	-1.6	-5.4	363.0	53.4	5.7	-2.0	0.8
Nunavut	340	21.4	-6.7	N/A	N/A	2.7	53.9	12.5	N/A	N/A
Northwest Territories	600	1.7	25.5	-13.5	0.0	4.0	18.5	17.1	-18.0	1.6
Yukon	330	-15.4	-23.5	50.0	8.6	2.3	-16.3	14.0	49.8	24.8
Sex										
Men	130,600	12.0	14.1	4.6	-3.9	427.5	31.5	15.9	-5.8	3.1
Women	335,320	8.6	3.2	2.6	-2.1	2,383.4	58.4	3.2	2.9	-1.7
Age										
Under 25	57,290	8.2	8.0	3.5	8.4	278.8	64.6	7.1	6.6	8.4
25 to 44	308,510	9.7	4.2	2.5	-4.2	2,239.5	59.4	3.4	2.5	-2.3
45 to 54	63,890	7.6	12.4	5.9	-1.3	186.4	13.7	18.1	8.7	5.4
55 and over	36,230	13.3	8.4	2.9	-4.4	106.1	16.4	10.8	3.2	-3.1
NATIONAL	465,920	9.5	6.0	3.1	-2.5	2,810.8	53.6	5.2	3.3	-1.0

Source: EI Administrative Data

N/A = not applicable

1. For a breakdown of maternity, parental and sickness benefits, please see Tables 1.9, 1.10, 1.11 and 1.12.

2. Includes claims on which at least \$1 of maternity, parental or sickness benefits were paid.

Maternity Benefits

	New Claims ¹						Average Number of Weeks Paid						Average Weekly Benefit						Amount Paid										
	2001/ 2002		Percentage Change				2001/ 2002		Percentage Change				2001/ 2002		Percentage Change				2001/ 2002		Percentage Change								
			2000/01	1999/00	1998/99	1995/96			2000/01	1999/00	1998/99	1995/96			2000/01	1999/00	1998/99	1995/96			2000/01	1999/00	1998/99	1995/96					
Province/Territory	2001/ 2002	2000/01	1999/02	2000/01	1999/00	1998/99	1995/96	2001/ 2002	2000/01	1999/02	2000/01	1999/00	1998/99	1995/96	2001/ 2002	2000/01	1999/02	2000/01	1999/00	1998/99	1995/96	2001/ 2002	2000/01	1999/02	2000/01	1999/00	1998/99	1995/96	
Province/Territory	2,520	12.5	-4.3	-2.5	12.0	14.3	-1.0	0.7	2.9	-0.7	266	1.7	6.9	-5.9	-7.3	10.1	13.3	0.7	3.7	8.7	3.7	13.3	0.7	3.7	8.7	3.7	8.7	3.7	8.7
	820	-10.9	0.0	17.9	51.5	14.3	1.7	0.0	-2.1	-1.7	293	19.9	-6.8	9.3	-5.4	3.5	4.5	6.4	6.5	51.8	6.5	4.5	6.4	6.5	6.4	6.5	51.8	51.8	
	5,360	3.3	2.4	2.4	8.3	14.4	-0.2	0.7	0.0	-1.6	265	4.2	-1.2	4.4	-8.7	20.0	4.0	2.6	6.7	-4.9	6.7	4.0	2.6	6.7	6.7	6.7	-4.9	-4.9	
	4,500	15.1	-8.9	15.0	18.5	14.4	-0.3	0.7	1.4	1.0	265	8.3	-2.0	4.8	-5.2	16.9	22.9	-11.4	16.5	8.2	16.5	22.9	-11.4	16.5	16.5	8.2	8.2	8.2	
	45,030	10.2	0.0	3.3	-6.7	14.5	0.4	0.0	0.7	-0.6	286	1.6	2.5	2.6	-3.4	192.8	15.0	3.5	3.0	-8.5	3.0	15.0	3.5	3.0	3.0	-8.5	-8.5	-8.5	
	79,320	10.6	-1.4	2.4	0.1	14.6	0.1	0.7	0.0	-0.9	309	2.2	0.9	1.8	-3.6	365.4	16.5	-1.0	2.0	-4.0	2.0	16.5	-1.0	2.0	2.0	-4.0	-4.0	-4.0	
	6,980	10.6	-3.1	-3.3	3.4	14.6	0.4	1.4	-1.4	-0.1	268	2.2	1.4	5.6	-4.3	27.8	17.0	-4.7	3.4	-2.0	3.4	17.0	-4.7	3.4	3.4	-2.0	-2.0	-2.0	
	5,660	7.2	-2.0	1.9	4.3	14.6	-0.4	1.4	0.0	0.0	270	2.5	0.9	5.7	-6.5	22.5	10.1	4.2	-0.2	-1.0	-0.2	10.1	4.2	-0.2	-0.2	-1.0	-1.0	-1.0	
	19,840	11.1	3.5	-1.1	6.7	14.5	-0.3	0.7	0.0	-0.3	284	3.7	2.3	2.1	-5.7	82.8	20.2	1.5	3.9	5.4	3.9	20.2	1.5	3.9	5.4	5.4	5.4	5.4	
	British Columbia	22,340	8.6	4.5	-7.5	1.6	14.5	0.4	0.7	-0.7	-0.6	296	3.8	-0.4	1.4	-5.7	98.3	16.2	2.8	-7.7	-0.4	16.2	2.8	-7.7	-0.4	-0.4	-0.4	-0.4	
	Nunavut	190	5.6	5.9	N/A	N/A	14.5	0.2	2.1	N/A	N/A	344	-1.5	6.9	N/A	N/A	0.9	1.4	9.1	N/A	N/A	0.9	1.4	9.1	N/A	N/A	N/A	N/A	
	Northwest Territories	310	-11.4	12.9	-5.9	1.8	14.4	2.6	-2.8	-2.7	-4.8	335	2.4	-6.2	-1.1	-3.4	1.3	-20.5	9.0	-10.4	2.8	-20.5	9.0	-10.4	-10.4	2.8	2.8	2.8	
	Yukon	150	-37.5	0.0	33.3	31.3	13.7	-7.2	0.7	2.8	-0.5	292	-10.9	-6.4	19.9	-4.5	0.7	-43.9	11.9	33.2	44.3	-43.9	11.9	33.2	33.2	44.3	44.3	44.3	
	Age																												
	Under 25	31,310	7.9	4.1	0.6	24.6	14.4	-0.1	1.6	-0.1	-1.0	198	2.4	3.5	3.1	-10.0	93.7	16.3	6.3	3.9	10.6	93.7	16.3	6.3	3.9	3.9	10.6	10.6	10.6
25 and over	161,710	10.3	-0.9	1.2	-2.9	14.6	0.2	0.1	0.0	-0.5	313	2.5	1.2	2.1	-2.6	749.2	15.8	0.0	1.3	-4.3	749.2	15.8	0.0	1.3	1.3	-4.3	-4.3	-4.3	
NATIONAL	193,020	9.9	-0.1	1.1	0.4	14.6	0.1	0.3	0.0	-0.6	294	2.6	1.2	2.2	-4.4	842.9	15.8	0.7	1.6	-3.1	842.9	15.8	0.7	1.6	1.6	-3.1	-3.1	-3.1	

Source: El Administrative Data

N/A = not applicable

1. Includes claims on which at least \$1 of maternity benefits was paid.

Parental Benefits (Biological)

	New Claims ¹						Average Number of Weeks Paid ²						Average Weekly Benefit						Amount Paid											
	2001/ 2002		Percentage Change				2001/ 2002		Percentage Change				2001/ 2002		Percentage Change				2001/ 2002		Percentage Change				2001/ 2002		Percentage Change			
			2000/01	1999/00	1998/99	1995/96			2000/01	1999/00	1998/99	1995/96			2000/01	1999/00	1998/99	1995/96			2000/01	1999/00	1998/99	1995/96			2000/01	1999/00	1998/99	1995/96
Province/Territory	2001/02	2000/01	1999/00	1998/99	1997/98	2001/02	2000/01	1999/00	1997/98	2001/02	2000/01	1999/00	1997/98	2001/02	2000/01	1999/00	1997/98	2001/02	2000/01	1999/00	1997/98	2001/02	2000/01	1999/00	1997/98	2001/02	2000/01	1999/00	1997/98	
Newfoundland and Labrador	2,590	24.5	-0.5	-3.7	13.6	23.8	139.5	13.5	-2.2	-1.9	279	0.6	7.3	-5.9	-4.8	14.9	162.7	1.2	5.3	10.1										
Prince Edward Island	900	1.1	14.1	8.3	31.3	19.8	110.9	3.3	3.4	-2.9	301	20.5	-11.6	14.1	-1.4	5.1	151.1	6.7	7.3	65.1										
Nova Scotia	5,570	10.1	7.7	5.4	1.4	21.4	121.2	11.4	0.0	-2.4	280	3.8	1.2	4.0	-4.7	29.7	137.2	5.0	20.3	-7.9										
New Brunswick	5,040	29.9	-2.5	21.0	16.3	20.4	112.6	11.5	1.2	-4.1	280	7.7	-1.5	5.9	-5.3	25.1	189.2	-1.2	3.6	5.6										
Quebec	51,040	20.2	7.7	2.2	-9.0	21.2	124.0	6.7	0.0	-4.0	301	2.9	2.9	2.6	-1.6	285.7	153.9	9.3	1.3	-10.0										
Ontario	84,780	16.4	3.0	2.6	-2.6	23.2	137.5	6.5	0.0	-2.3	318	2.3	0.6	2.2	-2.1	552.1	163.6	2.5	1.4	-2.8										
Manitoba	7,460	15.7	2.4	-2.6	3.8	23.2	137.3	6.5	0.0	-1.3	281	3.2	0.6	7.5	-2.6	43.1	171.0	-4.0	6.7	-0.3										
Saskatchewan	5,910	13.0	1.2	3.4	5.6	23.1	131.1	12.2	-3.2	0.2	280	3.7	0.3	2.8	-6.1	34.1	148.2	10.8	-4.8	0.9										
Alberta	20,550	16.0	9.8	-0.8	5.4	23.1	134.0	8.8	0.0	-2.4	295	4.3	1.7	2.4	-3.3	128.0	195.0	0.8	7.2	11.5										
British Columbia	24,180	16.7	8.9	-7.6	-0.8	22.9	128.6	11.0	0.0	-3.2	308	4.2	-1.8	2.8	-4.2	157.8	190.2	-1.9	-1.9	4.2										
Nunavut	170	6.3	6.7	N/A	N/A	18.8	90.5	6.5	N/A	N/A	341	-4.6	9.1	N/A	N/A	1.2	146.1	18.9	N/A	N/A										
Northwest Territories	330	0.0	17.9	-17.3	0.0	21.1	116.4	2.1	4.4	-5.7	341	3.4	-4.5	-1.3	-2.5	1.8	78.7	14.6	-18.0	4.1										
Yukon	150	-37.5	4.3	53.3	20.0	25.9	161.4	3.1	-3.0	2.0	307	-11.2	-2.6	13.2	-11.5	1.0	10.0	56.6	34.4	47.1										
Sex																														
Men	23,120	77.8	44.0	8.0	-4.5	14.5	79.1	7.6	3.9	3.4	362	0.7	-0.7	2.0	-3.0	102.9	208.4	31.6	9.7	2.0										
Women	185,550	12.4	3.2	0.7	-1.9	23.5	138.7	8.8	0.0	-3.0	299	2.4	0.5	2.6	-2.6	1,176.9	163.0	1.8	1.6	-2.2										
Age																														
Under 25	31,110	14.3	13.2	-0.2	18.0	22.2	129.3	11.4	0.0	-3.7	214	4.0	3.0	3.8	-5.2	138.7	191.6	7.2	4.0	6.1										
25 and over	177,560	17.7	4.0	1.3	-4.6	22.6	131.9	7.7	0.1	-2.4	322	2.8	1.1	2.4	-1.5	1,141.1	163.4	3.0	1.8	-2.7										
NATIONAL	208,670	17.2	5.3	1.1	-2.0	22.5	131.4	7.7	0.0	-2.8	306	3.1	0.9	2.6	-2.7	1,279.8	166.2	3.4	2.0	-2.0										

Source: EI Administrative Data

N/A = not applicable

1. Includes claims on which at least \$1 of parental benefits (biological) was paid.

2. As of December 31, 2000, the number of weeks of entitlement for parental benefits was increased from 10 to 35. Due to the fact that not all claims commencing during the reporting period are complete, the full impact of the increase in weeks paid is not reflected in the data.

Parental Benefits (Adoptive)

	New Claims ¹					Average Number of Weeks Paid ²					Average Weekly Benefit					Amount Paid				
	Percentage Change					Percentage Change					Percentage Change					Percentage Change				
	2001/ 2002	2000/01 2001/02	1999/00 2000/01	1998/99 1999/00	1995/96 1997/98	2001/ 2002	2000/01 2001/02	1999/00 2000/01	1998/99 1999/00	1995/96 1997/98	2001/ 2002	2000/01 2001/02	1999/00 2000/01	1998/99 1999/00	1995/96 1997/98	2001/ 2002	2000/01 2001/02	1999/00 2000/01	1998/99 1999/00	1995/96 1997/98
Province/Territory																				
Newfoundland and Labrador	20	100.0	-50.0	100.0	0.0	33.0	120.0	20.0	25.0	36.4	240	-42.0	65.9	-9.8	-7.2	0.06	-1.4	-2.0	58.0	9.8
Prince Edward Island	20	N/A	N/A	-100.0	200.0	27.5	N/A	N/A	-100.0	-6.7	314	N/A	N/A	-100.0	29.2	0.13	N/A	N/A	-100.0	1,035.2
Nova Scotia	120	500.0	-33.3	0.0	-0.0	26.5	76.7	28.2	13.6	108.3	379	-3.3	25.2	-24.2	-13.4	0.88	650.7	-29.8	125.4	105.6
New Brunswick	60	500.0	-50.0	100.0	100.0	30.5	117.9	16.7	1.7	2.4	319	-22.8	18.8	-4.5	14.3	0.50	765.7	-53.3	-27.0	52.2
Quebec	550	66.7	-38.9	12.5	-40.0	27.5	116.8	11.4	-9.5	3.0	353	13.7	-12.2	2.4	-3.5	4.13	194.7	-35.5	9.4	-22.1
Ontario	1,050	98.1	12.8	-20.3	19.4	26.8	106.3	8.3	6.2	0.9	363	-1.0	-3.0	6.3	3.6	9.30	350.5	-12.6	12.2	15.4
Manitoba	100	0.0	0.0	-33.3	120.0	25.6	120.7	12.6	0.0	0.9	333	6.9	-0.8	13.9	-30.0	0.87	149.4	-18.5	-3.5	21.4
Saskatchewan	60	200.0	-50.0	300.0	66.7	23.8	138.3	-16.7	20.0	0.0	368	23.3	-25.0	-3.6	-21.5	0.40	570.8	-68.9	290.1	85.6
Alberta	250	13.6	22.2	-10.0	-18.2	26.6	147.9	4.9	2.0	3.4	313	-1.9	-9.4	5.8	-13.0	1.52	93.1	23.3	6.6	-11.8
British Columbia	320	39.1	64.3	-41.7	-40.9	29.1	141.9	21.2	1.0	29.8	359	0.5	12.0	-10.8	15.2	3.09	249.0	92.2	-50.4	-32.3
Nunavut	50	150.0	-60.0	N/A	N/A	27.4	291.4	-14.6	N/A	N/A	264	-36.0	41.1	N/A	N/A	0.27	143.3	-8.1	N/A	N/A
Northwest Territories	0	-100.0	0.0	-60.0	-100.0	0	N/A	-40.0	-13.3	-100.0	0	N/A	0.0	0.2	-100.0	0	-100.0	-40.0	-60.2	-49.1
Yukon	0	N/A	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A
Sex																				
Men	470	147.4	0.0	-17.4	-34.8	19.0	96.1	9.0	8.5	-11.7	377	1.1	0.0	1.4	-3.7	2.97	309.1	57.4	-36.2	-22.7
Women	2,130	62.6	-7.1	-16.1	-9.8	29.0	130.2	9.6	0.0	7.2	346	1.9	-3.1	3.5	-2.5	18.18	250.1	-17.7	3.2	-1.3
Age																				
Under 25	50	66.7	50.0	100.0	-66.7	28.4	184.0	42.9	75.0	0.0	198	4.5	-16.8	-44.8	-34.2	0.26	194.9	184.7	N.C.	-55.5
25 and over	2,550	73.5	-7.0	-16.8	-12.5	27.2	121.6	9.3	0.6	5.7	354	2.3	-2.2	3.8	-3.1	20.88	258.3	-13.5	-1.4	-3.3
NATIONAL	2,600	73.3	-6.3	-16.2	-13.5	27.2	122.6	9.4	0.9	5.7	351	2.3	-2.7	3.2	-3.2	21.15	257.3	-12.6	-1.0	-3.9

Source: EI Administrative Data

N/A = not applicable

N/C = not calculated

1. Includes claims on which at least \$1 of parental benefits (adoptive) was paid.

2. As of December 31, 2000, the number of weeks of entitlement for parental benefits was increased from 10 to 35. Due to the fact that not all claims commencing during the reporting period are complete, the full impact of the increase in weeks paid is not reflected in the data.

Sickness Benefits

Province/Territory	New Claims ¹						Average Number of Weeks Paid						Average Weekly Benefit						Amount Paid					
	Percentage Change			Percentage Change			Percentage Change			Percentage Change			Percentage Change			Percentage Change			Percentage Change			Percentage Change		
	2001/2002		2000/01	1999/00		1998/99	1999/00		1998/99	1999/00		1998/99	1999/00		1998/99	1999/00		1998/99	1999/00		1998/99	1999/00		1998/99
	2001/2002	2000/01	1999/00	2001/2002	2000/01	1999/00	2001/2002	2000/01	1999/00	2001/2002	2000/01	1999/00	2001/2002	2000/01	1999/00	2001/2002	2000/01	1999/00	2001/2002	2000/01	1999/00	2001/2002	2000/01	1999/00
Province/Territory	2001/2002	2000/01	1999/00	2001/2002	2000/01	1999/00	2001/2002	2000/01	1999/00	2001/2002	2000/01	1999/00	2001/2002	2000/01	1999/00	2001/2002	2000/01	1999/00	2001/2002	2000/01	1999/00	2001/2002	2000/01	1999/00
Newfoundland and Labrador	5,950	4.6	13.6	4.9	5.8	12.1	9.0	0.6	12.5	-3.6	-12.1	247	-1.4	5.9	-4.0	-5.1	13.6	8.7	27.9	-9.4	-6.6	8.7	27.9	-9.4
Prince Edward Island	1,990	-5.7	11.1	22.6	12.1	6.9	7.7	-9.0	10.4	-5.5	-5.5	249	1.0	4.4	-3.4	-3.5	4.0	-2.8	22.0	27.8	13.2	-2.8	22.0	27.8
Nova Scotia	11,360	4.1	14.2	4.5	-4.8	9.3	9.3	4.3	2.3	1.2	1.9	253	2.6	0.8	2.4	-0.2	26.6	16.8	18.5	2.8	2.7	16.8	18.5	2.8
New Brunswick	12,140	0.5	4.7	11.7	4.3	8.9	8.9	1.1	3.5	0.0	2.6	252	2.0	2.9	0.4	-3.5	28.1	6.2	9.8	11.7	8.0	6.2	9.8	11.7
Quebec	77,630	3.7	9.2	13.8	0.4	9.0	9.0	2.3	2.3	1.2	0.7	261	0.4	2.6	0.7	1.0	188.9	12.0	12.9	14.3	9.2	12.0	12.9	14.3
Ontario	74,310	-0.9	7.8	1.8	-4.7	9.8	9.8	2.5	2.1	2.2	0.9	283	0.8	3.0	1.1	-1.4	206.7	4.1	12.6	4.6	-0.8	4.1	12.6	4.6
Manitoba	8,910	1.3	15.8	-1.0	-5.2	9.4	9.4	1.0	1.1	2.2	-1.0	254	0.0	4.7	2.4	-0.5	22.0	12.2	14.8	5.6	2.3	12.2	14.8	5.6
Saskatchewan	5,440	-2.7	9.2	-5.5	1.2	9.5	9.5	2.7	5.7	-3.3	-2.3	258	0.7	5.9	0.8	-2.3	13.3	5.4	13.8	-3.4	5.2	5.4	13.8	-3.4
Alberta	21,510	3.9	6.0	4.1	10.7	9.9	9.9	3.6	0.0	2.2	1.0	275	2.4	5.5	-0.8	1.0	58.2	12.3	11.2	4.5	12.7	12.3	11.2	4.5
British Columbia	36,790	1.0	6.5	4.2	-7.5	9.8	9.8	0.2	4.3	1.1	0.0	284	2.0	1.5	1.7	-1.2	103.8	7.3	12.8	4.8	0.3	7.3	12.8	4.8
Nunavut	100	25.0	0.0	N/A	N/A	N/A	9.6	-4.0	37.0	N/A	N/A	259	-30.5	20.7	N/A	N/A	0.3	18.4	25.7	N/A	N/A	18.4	25.7	N/A
Northwest Territories	270	12.5	50.0	-11.1	13.3	8.4	8.4	12.7	-25.0	9.6	25.0	370	18.7	-13.9	-0.4	-9.4	0.8	26.6	56.8	-21.2	2.2	26.6	56.8	-21.2
Yukon	180	20.0	-46.4	86.7	-5.3	9.8	9.8	-15.7	30.3	15.6	5.6	312	2.6	-5.3	2.9	-8.4	0.6	-2.2	-17.9	107.4	-22.6	-2.2	-17.9	107.4
Sex																								
Men	107,570	3.6	11.3	4.4	-3.7	9.2	9.2	-0.7	3.4	1.1	0.9	312	1.2	1.9	0.3	-0.7	321.6	10.5	14.3	5.6	3.3	10.5	14.3	5.6
Women	149,010	0.1	6.4	7.0	-0.4	9.6	9.6	3.8	2.2	1.1	-0.2	241	0.5	3.2	1.4	0.1	345.4	6.5	12.1	8.4	3.5	6.5	12.1	8.4
Age																								
Under 25	27,040	-1.0	9.1	9.7	3.0	8.0	8.0	5.0	0.0	2.7	1.2	212	3.0	4.1	1.1	-1.6	46.1	12.1	8.4	15.8	6.8	12.1	8.4	15.8
25 to 44	130,460	-3.3	6.8	6.0	-2.0	9.2	9.2	2.6	3.4	1.2	1.1	275	0.9	2.6	0.9	-0.6	337.4	4.8	11.9	6.4	4.4	4.8	11.9	6.4
45 to 54	62,880	7.3	12.0	5.8	-1.5	9.8	9.8	-0.4	3.1	2.1	0.2	283	0.5	2.8	1.2	1.0	177.9	10.3	18.1	8.4	5.0	10.3	18.1	8.4
55 and over	36,200	13.4	8.3	3.1	-4.8	10.6	10.6	-0.3	1.9	-1.0	-1.7	276	0.1	3.3	-0.2	-1.1	105.6	16.1	11.2	3.5	-3.5	16.1	11.2	3.5
NATIONAL	256,580	1.5	8.4	6.0	-1.8	9.4	9.4	2.1	3.3	1.1	0.3	271	1.0	2.9	0.7	-0.5	667.0	8.4	13.1	7.1	3.4	8.4	13.1	7.1

Source: EI Administrative Data

N/A = not applicable

1. Includes claims on which at least \$1 of sickness benefits was paid.

Family Supplement¹

	New Claims ² with Supplement	% of all claims with Supplement	Average weekly top-up (\$)	Average weekly benefit (\$)	Amount Paid					
					Amount Paid (\$000)	Share of total amount (%)	% Change 2000/01 2001/02	% Change 1999/00 2000/01	% Change 1998/99 1999/00	% Change 1995/96 1997/98
Province/Territory										
Newfoundland and Labrador	8,490	9.4	39	249	8,620	4.9	-15.6	-20.0	20.9	18.1
Prince Edward Island	2,790	10.7	41	244	2,914	1.7	-12.5	-2.2	14.0	-7.3
Nova Scotia	9,140	10.3	42	240	8,809	5.0	0.2	-4.2	16.9	-3.7
New Brunswick	10,610	11.1	41	251	10,657	6.1	-5.0	-6.2	11.2	7.9
Quebec	56,520	9.4	42	254	52,306	29.8	7.0	-2.7	13.8	-9.1
Ontario	50,650	9.1	43	258	45,350	25.8	33.5	3.9	3.5	-10.9
Manitoba	7,620	12.8	48	255	8,507	4.8	15.7	10.5	1.9	-2.1
Saskatchewan	6,000	13.5	48	255	5,753	3.3	10.5	7.2	5.1	13.7
Alberta	13,180	9.9	42	248	12,217	6.9	19.4	-2.1	7.3	-13.4
British Columbia	21,810	9.5	43	264	20,077	11.4	13.8	-3.2	6.3	18.5
Nunavut	180	13.7	34	258	196	0.1	43.4	-9.8	N/A	N/A
Northwest Territories	190	8.6	40	319	175	0.1	-26.5	-37.6	10.9	84.1
Yukon	140	5.9	48	311	205	0.1	-0.3	-18.8	32.1	72.8
Sex										
Men	52,560	5.0	44	299	48,473	27.6	-8.7	-11.8	2.7	54.8
Women	134,760	15.4	42	238	127,310	72.4	22.0	3.3	14.8	-21.2
Age										
Under 25	27,580	10.9	37	212	25,980	14.8	47.5	2.6	13.7	-4.5
25 to 44	138,510	12.5	44	262	134,385	76.4	7.3	-2.4	10.1	-0.8
45 to 54	19,220	5.0	37	265	13,844	7.9	5.8	-8.4	5.9	-13.6
55 and over	2,010	1.1	37	261	1,575	0.9	6.3	2.0	0.4	-43.2
EI History ³										
First-time Claimants	92,810	11.4	43	242	91,179	51.9	33.1	6.6	18.8	-5.5
Occasional Claimants	58,840	10.2	43	258	55,435	31.5	6.9	-0.7	7.1	-12.0
Frequent Claimants	35,670	6.6	40	284	29,170	16.6	-21.2	-17.2	2.3	12.2
NATIONAL	187,320	9.7	42	255	175,784	100.0	11.7	-2.3	10.0	-3.4

Source: EI Administrative Data

N/A = not applicable

1. Includes all claim types (regular, fishing, and special).

2. Includes claims on which at least \$1 of EI benefits was paid.

3. First-time claimants are defined as individuals who did not have a claim in the five years prior to their current claim. Occasional claimants are defined as individuals who have had three or fewer than three active claims in the five years prior to their current claim. Frequent claimants are defined as individuals who have had three or more active claims in the five years prior to their current claim.

Working While on Claim^{1,2}

Province/Territory	New Claims				Percentage Change				As % new regular claims			
	2000/01 ³	1999/00	1998/99	1996/97	1999/00 2000/01	1998/99 1999/00	1996/97 1997/98	2000/01	1999/00	1998/99	1996/97	
Newfoundland and Labrador	50,780	51,310	53,900	50,520	-1.0	-4.8	-0.8	73.0	73.7	74.3	72.1	
Prince Edward Island	13,130	13,550	14,710	14,040	-3.1	-7.9	2.6	67.5	70.8	71.3	68.3	
Nova Scotia	46,460	47,150	49,570	53,150	-1.5	-4.9	-4.8	65.6	67.5	69.5	70.1	
New Brunswick	56,330	56,350	62,010	62,280	0.0	-9.1	0.0	71.4	70.3	73.8	69.6	
Quebec	294,370	302,550	322,100	369,110	-2.7	-6.1	-7.7	61.7	63.5	65.5	67.9	
Ontario	176,970	160,110	195,080	231,710	10.5	-17.9	-11.3	49.6	49.3	52.3	53.7	
Manitoba	20,580	20,860	24,460	24,940	-1.3	-14.7	-6.4	51.0	50.8	54.9	55.1	
Saskatchewan	16,970	18,220	21,950	20,600	-6.9	-17.0	-6.2	51.3	53.1	57.3	58.0	
Alberta	42,370	50,280	64,050	61,430	-15.7	-21.5	-14.4	50.1	52.4	54.5	59.4	
British Columbia	92,290	95,180	114,320	120,270	-3.0	-16.7	-1.6	58.4	58.3	60.7	61.4	
Nunavut	540	490	N/A	0	10.2	N/A	N/A	56.3	55.1	N/A	N/A	
Northwest Territories	980	1,180	1,740	1,800	-16.9	-4.0	-13.3	60.1	59.6	58.8	62.5	
Yukon	1,200	1,320	1,430	1,570	-9.1	-7.7	14.6	54.8	57.9	56.3	57.3	
Sex												
Men	491,600	481,100	562,550	590,650	2.2	-14.5	-4.1	58.2	59.0	61.5	62.8	
Women	321,370	337,450	362,770	420,770	-4.8	-7.0	-11.1	58.5	59.8	61.2	62.2	
Age												
Under 25	99,070	103,190	118,020	132,760	-4.0	-12.6	-11.2	55.2	57.4	59.3	62.3	
25 to 44	452,240	466,940	541,430	615,600	-3.1	-13.8	-8.4	58.7	60.0	62.3	64.3	
45 to 54	186,970	177,800	192,400	190,600	5.2	-7.6	-0.7	62.6	62.9	64.8	64.0	
55 and over	74,690	70,620	73,470	72,460	5.8	-3.9	-4.2	51.4	50.9	51.8	48.5	
Benefit Levels												
Less than \$50	570	650	890	410	-12.3	-27.0	197.6	47.1	58.0	55.6	51.9	
\$50 - \$100	10,630	14,260	17,030	26,390	-25.5	-16.3	-4.3	55.9	56.9	57.8	57.9	
\$101 - \$150	56,080	68,390	81,330	101,580	-18.0	-15.9	-5.4	57.7	58.1	59.2	59.5	
\$151 - \$200	102,730	119,380	134,630	147,670	-13.9	-11.3	-6.0	55.8	57.8	58.5	59.6	
Greater than \$201	642,960	615,870	691,440	735,370	4.4	-10.9	-7.7	58.9	59.8	62.4	63.8	
NATIONAL	812,970	818,550	925,320	1,011,420	-0.7	-11.5	-7.0	58.3	59.3	61.4	62.6	

Source: EI Administrative Data

N/A = not applicable

1. This analysis includes claimants who worked while on claim and still received some benefits for those weeks, as well as claimants who received earnings high enough to reduce their benefits to zero for some weeks

2. As a result of methodological change, results have been revised back to 1996/97.

3. Given that some claims straddle two fiscal years, the most recent year for this analysis is for claims established in 2000/01.

Benefit Repayment Provision

	People who repaid benefits				Amount Repaid			
	2000	% Change 1999 - 2000	% Change 1998 - 1999	% Change 1997 - 1998 ¹	2000 (\$M)	% Change 1999 - 2000	% Change 1998 - 1999	% Change 1997 - 1998 ¹
Province/Territory								
Newfoundland and Labrador	3,028	-48.2	73.8	57.5	4.0	-65.7	113.7	106.4
Prince Edward Island	495	-43.5	10.9	89.4	0.8	-62.0	11.8	143.1
Nova Scotia	4,155	-45.8	57.0	77.7	6.0	-62.7	88.4	143.7
New Brunswick	2,467	-41.5	61.3	80.5	2.7	-62.4	83.7	132.3
Quebec	18,334	-48.0	32.0	67.4	14.2	-66.3	35.5	108.6
Ontario	22,608	-49.9	3.2	41.6	16.5	-67.6	33.1	47.8
Manitoba	1,061	-54.0	27.0	30.9	1.0	-66.3	41.3	67.3
Saskatchewan	1,581	-48.2	46.1	29.1	1.5	-59.7	67.5	79.1
Alberta	8,947	-45.0	50.5	29.6	7.2	-63.7	75.5	75.8
British Columbia	11,127	-50.7	27.5	25.4	9.0	-66.5	47.3	58.9
Nunavut	0	-100.0	N/A	N/A	0.0	-100.0	N/A	N/A
Northwest Territories	228	-51.2	-4.1	30.9	0.2	-64.0	0.4	63.5
Yukon	151	-62.7	35.0	12.8	0.2	-73.2	39.1	61.0
NATIONAL ²	74,186	-48.5	25.0	44.7	63.2	-65.7	48.8	76.1

Source: Benefit Repayment Administrative File (June 2002)

N/A = not applicable

1. Figures for 1997 were revised due to updates in data files.

2. Provincial figures do not add to national total because non-residents are included.

Employment Benefits and Support Measures Data Tables

- 2.1 Overview of Labour Market Development Agreements
- 2.2 EBSM Program Definition
- 2.3 EBSM Client Profile
- 2.4 Clients Served by Client Types
- 2.5 EBSM Designated Member – Women
- 2.6 EBSM Designated Member – Persons with Disabilities
- 2.7 EBSM Designated Member – Aboriginal Peoples
- 2.8 EBSM Designated Member – Visible Minorities
- 2.9 New Interventions
- 2.10 EBSM and Pan-Canadian Activities – Part I – Final Expenditures
- 2.11 EBSM Part II – Final Expenditures
- 2.12 EI Part II Pan-Canadian – Final Expenditures
- 2.13 Returns to Employment and Unpaid Benefits Indicators
- 2.14 Regular EBSM Results – Returns to Work by Intervention

Overview of Labour Market Development Agreements

Federal/Provincial/Territorial

Province/Territory	Type of Agreement ¹	Signature Date	Implementation Date	Allocation (\$'000) ²		
				2002/2003	2001/2002	2000/2001
Newfoundland and Labrador	Co-management	March 24, 1997	March 24, 1997	129,371	127,531	126,151
Prince Edward Island	Co-management	April 26, 1997	April 26, 1997	25,640	25,138	24,516
Nova Scotia	Co-management (Strategic Partnership)	April 24, 1997	November 1, 1997	80,774	80,205	79,916
New Brunswick	Transfer	December 13, 1996	April 1, 1997	91,235	90,425	89,991
Quebec	Transfer	April 1, 1997 November 28, 1997	April 1, 1998	597,316	595,741	594,424
Ontario	No agreement concluded	N/A	N/A	526,154	531,255	537,695
Manitoba	Transfer	April 17, 1997	November 27, 1997	48,958	49,521	49,867
Saskatchewan	Transfer	February 6, 1998	January 1, 1999	38,931	38,857	38,488
Alberta	Transfer	December 6, 1996	November 1, 1997	112,102	112,819	112,661
British Columbia	Co-management	April 25, 1997	April 25, 1997	289,458	288,999	287,023
Northwest Territories	Transfer	February 27, 1998	October 1, 1998	3,652	3,448	3,267
Yukon	Co-management	January 24, 1998	February 1998	4,080	4,051	3,993
Nunavut	Transfer	May 11, 2000	April 1, 2000	2,329	2,091	2,008
Canada				1,950,000	1,950,081	1,950,000

NA = not applicable

1. Provinces or territories with transfer agreements assume responsibility for the design and delivery of active employment measures funded through the EI program. Transfer agreements also include functions of the National Employment Service that may differ from one agreement to the next. In co-management agreements the Government of Canada and each provincial/territorial government jointly assume responsibility for the planning, design, and evaluation of active employment measures, while HRDC continues to deliver programs and services through its service delivery network.
2. This chart does not include funds that are transferred to cover administration costs.

Employment Benefits and Support Measures Program Definitions

Labour Market Development Agreements (LMDAs)

LMDAs provide the frameworks in which EBSM delivery takes place. These agreements exist in two forms: co-managed agreements and transfer agreements. Nova Scotia has a Strategic Partnership, which is similar to a co-managed agreement. In those jurisdictions with co-managed agreements, each provincial/territorial government has assumed joint responsibility for the planning and evaluation of active employment measures, while HRDC continues to deliver programs and services through its service delivery network. In those jurisdictions with transfer agreements, provincial/territorial governments have assumed full responsibility for the design and delivery of active employment measures funded through the EI program. For more information on LMDAs, please refer to the *2000 Employment Insurance Monitoring and Assessment Report* at <http://www.hrdc-dfnc.gc.ca/ae-ell/ol-law/eimar.shtml>.

Employment Benefits (Programs)

Targeted Wage Subsidies assist eligible unemployed individuals to obtain on-the-job work experience by providing employers with financial assistance towards the wages of insured participants whom they hire. This benefit encourages employers to hire unemployed individuals whom they would not normally hire in the absence of a subsidy.

Targeted Earnings Supplements enable some people currently on EI or the longer term unemployed to accept low-wage jobs. Temporarily topping up low-wage jobs means that people who would not enter at the lower wage rate can re-enter the work force.

(The Supplément de retour au travail in Quebec is the only program currently in place that is similar to this program.)

Self-Employment provides financial assistance and business planning advice to EI-eligible participants to help them start their own business. This financial assistance is intended to cover personal living expenses and other expenses during the initial stages of the business.

Job Creation Partnerships projects provide insured participants with opportunities to gain work experience that will lead to ongoing employment. Activities of the project help develop the community and the local economy.

Skills Development helps insured participants obtain skills for employment through direct financial assistance enabling them to select, arrange for, and pay for their own training.

Support Measures (Services)

Employment Assistance Services (which includes Employment Assistance Services interventions, Employment Group Services, and Individual Counselling) provide funding to organizations to enable them to provide employment services to unemployed persons. These services may include counselling, action planning, job search skills, job finding clubs, job placement services, the provision of labour market information, case management and follow-up.

Labour Market Partnerships provide funding to help employers, employee and/or employer associations, and communities improve their capacity for dealing with human resource requirements and to implement labour force adjustments. It involves the development of plans and strategies and the implementation of adjustment measures.

Research and Innovation supports activities that identify better ways of helping people prepare for or keep employment, and to be productive participants in the labour force. Funds are provided to eligible recipients to enable them to carry out demonstration projects and research for this purpose.

EBSM Client Profile¹

2001/2002

Clients Served (%)**Gender**

Men	56.9%
Women	43.1%

Age

15 to 19	5.1%
20 to 24	16.7%
25 to 29	15.4%
30 to 44	41.1%
45+	21.7%

EI Clients Served

Active Claimants	82.9%
Former Claimants	17.1%

Client to Participant Ratio

Clients	570,200
Interventions	795,300
Ratio	1.39

Participation in interventions as a % of total

Targeted Wage Subsidies	3.6%
Self-Employment	1.5%
Job Creation Partnerships	1.3%
Skills Development - Regular	11.7%
Skills Development - Apprentices	5.2%
Employment Assistance	44.8%
Group Services	8.8%
Individual Counselling	19.9%
Supplément de retour au travail	1.0%
Pan-Canadian	2.1%
Total	100.0%

Designated Group**Participation Rate**

Women	44.6%
Aboriginal Peoples	6.6%
Persons with Disabilities	3.8%
Visible Minorities	5.1%

Source: Client Data Set

1. Data in this table includes LMDA and pan-Canadian clients.

Clients Served by Client Types¹

2001/2002

	EI Clients					Non-Insured		Total
	EI Active Claimants ²		Former Claimants		Total	Clients Served	Clients Served	
	Target	Clients Served	Clients Served					
Newfoundland and Labrador	10,016	9,363	3,046		12,409	838	13,247	
Prince Edward Island	3,000	2,975	469		3,444	567	4,011	
Nova Scotia ³	8,575	6,866	1,355		8,221	1,221	9,442	
New Brunswick	65%*	12,649	3,021		15,670	3,692	19,362	
Quebec	129,870**	112,656	23,345		136,001	34,005	170,006	
Ontario ³	100,000	100,503	9,195		109,698	20,517	130,215	
Manitoba	11,200	18,089	3,614		21,703	11,308	33,011	
Saskatchewan	5,200	8,449	2,952		11,401	442	11,843	
Alberta	30,000	36,886	10,669		47,555	37,398	84,953	
British Columbia ³	35,000	43,593	12,918		56,511	26,855	83,366	
Northwest Territories	400	192	29		221	32	253	
Yukon	759	417	118		535	243	778	
Nunavut	197	95	45		140	7	147	
Regular EBSM Total	N/A	352,733	70,776		423,509	137,125	560,634	
Pan-Canadian	N/A	3,516	2,711		6,227	3,339	9,566	
Canada	N/A	356,249	73,487		429,736	140,464	570,200	

Source: Client Data Set

N/A: not applicable

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions. Includes clients that did not complete their interventions. Differences may exist between operational data and the administrative data contained in this table.

2. EI Active Claimants served is a success indicator that refers to the number of Part I claimants accessing EBSMs. In Quebec this indicator refers to the number of EI clients served (active and former).

3. Some clients served with regular Part II funds are included with pan-Canadian.

* The New Brunswick Labour Market Development Agreement requires that the province provide the EI Active Claimant target as a percentage of all EI clients served.

** Quebec's target refers to total EI clients served.

EBSM Designated Member - Women¹

New Starts by Intervention (%) – 2001/2002

	Nfld.	P.E.I.	N.S.	N.B. ²	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Yuk.	Nunavut	Canada
Employment Programs														
Targeted Wage Subsidies	53.9	46.0	42.6	36.9	48.6	44.1	31.1	36.9	48.4	44.1	33.3	25.0	47.6	45.4
Self-Employment	38.3	32.2	38.6	39.5	36.7	42.3	35.6	41.4	43.6	45.8	-	48.4	0.0	41.0
Job Creation Partnerships	35.8	51.1	47.3	53.2	-	50.4	36.4	-	54.7	46.8	-	0.0	-	44.5
Skills Development - Regular	38.0	50.7	39.4	41.2	46.9	41.5	51.6	54.5	53.7	46.0	40.0	37.0	30.1	44.9
Skills Development - Apprentices	3.0	2.9	2.3	8.6	-	4.7	1.7	2.8	4.3	4.8	4.3	5.2	0.0	4.3
Total Employment Programs	34.4	44.9	34.4	35.9	46.7	32.3	30.0	13.1	21.1	34.1	10.1	31.8	25.2	35.7
Employment Services														
Employment Assistance	47.0	60.8	61.0	51.0	50.8	48.9	52.2	39.2	47.1	48.3	-	44.4	0.0	48.8
Individual Counselling	41.9	52.6	63.8	47.9	43.9	48.6	42.1	39.6	-	47.6	53.5	43.2	-	45.9
Supplément de retour au travail (Que. only)	-	-	-	-	40.8	-	-	-	-	-	-	-	-	40.8
Total Employment Services	42.1	56.0	61.8	48.6	48.2	48.8	45.6	39.5	47.1	48.1	53.5	44.1	0.0	47.8
Pan-Canadian³	32.2	53.7	47.2	41.9	40.7	46.2	47.5	44.2	46.0	46.0	53.7	35.8	34.9	45.5
Grand Total - Programs and Services	37.1	50.6	45.9	43.3	47.6	44.2	43.6	31.6	43.5	45.5	39.4	38.5	28.5	44.6

Source: Participant Data Set

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions.

2. Participation in "SD - Apprentices" is overstated as a result of a data mapping issue. Data provided by the province indicates that the participation rate of women in apprenticeship is 1.4%.

3. Includes Aboriginal Human Resources Development Activities.

EBSM Designated Member – Persons with Disabilities¹

New Starts by Intervention (%) – 2001/2002

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Yuk.	Nunavut	Canada
Employment Programs														
Targeted Wage Subsidies	3.0	1.8	7.4	2.0	2.3	1.8	4.3	7.5	9.1	4.7	0.0	0.0	9.5	2.8
Self-Employment	1.4	3.4	5.7	1.0	1.2	2.1	6.9	9.8	2.7	2.7	-	1.1	0.0	2.3
Job Creation Partnerships	1.5	5.7	7.7	2.1	-	2.1	4.7	-	15.8	1.6	-	0.0	-	4.2
Skills Development - Regular	3.8	5.7	7.6	1.6	1.5	1.7	3.1	0.0	6.3	5.0	0.0	4.6	2.2	2.7
Skills Development - Apprentices	0.4	1.2	0.7	0.4	-	0.1	2.0	0.8	0.2	0.5	1.4	0.0	2.8	0.4
Total Employment Programs	2.6	4.4	6.4	1.6	1.6	1.3	3.2	2.9	2.8	3.3	1.2	2.7	3.3	2.3
Employment Services														
Employment Assistance	7.7	27.3	12.7	3.5	4.5	4.4	8.0	19.2	2.9	5.6	-	3.7	0.0	4.6
Individual Counselling	13.4	10.1	14.4	3.6	1.6	2.2	3.7	4.3	-	6.7	3.5	4.3	-	4.0
Supplément de retour au travail (Que. only)	-	-	-	-	1.8	-	-	-	-	-	-	-	-	1.8
Total Employment Services	13.1	17.3	13.2	3.6	3.5	3.5	5.2	8.5	2.9	5.9	3.5	3.9	0.0	4.4
Pan-Canadian²	0.9	7.3	8.9	5.5	4.0	4.2	4.6	3.0	5.0	3.6	1.0	5.6	0.0	4.1
Grand Total - Programs and Services	6.3	11.0	9.2	2.8	2.9	2.9	4.9	6.1	2.9	5.4	1.7	3.7	2.1	3.8

Source: Participant Data Set

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions.

2. Includes clients served under the Aboriginal Human Resource Development Strategy.

EBSM Designated Member – Aboriginal Peoples¹

New Starts by Intervention (%) – 2001/2002

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Yuk.	Nunavut	Canada
Employment Programs														
Targeted Wage Subsidies	4.8	0.3	1.2	2.3	1.5	0.6	17.4	33.1	9.1	1.7	46.7	0.0	100.0	3.4
Self-Employment	1.4	1.1	1.3	0.0	1.1	1.0	7.2	15.6	3.2	2.6	-	2.2	100.0	2.0
Job Creation Partnerships	1.7	0.0	2.0	0.6	-	1.9	14.3	-	9.8	3.8	-	0.0	-	4.0
Skills Development - Regular	3.8	0.4	1.4	1.8	1.0	0.6	16.4	9.1	4.7	4.2	20.0	8.2	94.6	2.3
Skills Development - Apprentices	2.4	0.4	0.5	0.8	-	0.5	9.4	7.8	1.0	1.7	17.3	7.3	27.8	2.2
Total Employment Programs	3.0	0.4	1.3	1.6	1.1	0.7	13.3	14.3	2.6	3.0	20.1	6.5	79.5	2.5
Employment Services														
Employment Assistance	1.3	0.6	0.9	0.8	0.8	0.9	15.3	33.1	10.9	3.7	-	15.9	100.0	5.6
Individual Counselling	4.3	0.6	1.1	0.9	0.8	0.8	13.7	13.2	-	3.8	40.3	1.2	-	4.2
Supplément de retour au travail (Que. only)	-	-	-	-	0.7	-	-	-	-	-	-	-	-	0.7
Total Employment Services	4.2	0.6	0.9	0.9	0.8	0.8	14.3	18.9	10.9	3.7	40.3	11.9	100.0	5.1
Pan-Canadian²	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Grand Total - Programs and Services	4.7	1.2	3.5	2.1	1.6	3.3	19.8	27.1	11.1	5.6	57.3	23.3	86.8	6.6

Source: Participant Data Set

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions. Some Aboriginal clients have self-identified as Visible Minorities.
2. Includes clients served under the Aboriginal Human Resource Development Strategy.

EBSM Designated Member – Visible Minorities¹

New Starts by Intervention (%) – 2001/2002

	Nfld.	P.E.I.	N.S.	N.B.	Que. ²	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Yuk.	Nunavut	Canada
Employment Programs														
Targeted Wage Subsidies	0.0	0.2	3.8	0.6	-	3.4	6.2	3.6	8.4	7.3	20.0	0.0	0.0	1.8
Self-Employment	0.0	0.0	0.8	0.5	-	7.4	5.6	3.9	4.8	4.8	-	0.0	0.0	3.7
Job Creation Partnerships	0.0	1.1	3.8	0.0	-	3.3	9.8	-	13.2	1.7	-	0.0	-	3.6
Skills Development - Regular	0.1	0.2	2.3	0.4	-	5.8	11.5	0.0	21.3	6.8	40.0	0.5	2.2	3.5
Skills Development - Apprentices	1.2	0.4	0.7	0.4	-	0.5	6.5	1.9	0.9	2.1	11.5	2.1	11.1	1.4
Total Employment Programs	0.2	0.2	2.2	0.4	-	4.1	8.9	2.4	6.5	5.1	14.8	0.7	4.0	2.8
Employment Services														
Employment Assistance	0.0	0.9	4.4	0.9	-	7.6	10.7	7.0	8.7	10.0	-	1.2	0.0	6.9
Individual Counselling	0.1	1.0	3.4	0.7	-	5.6	8.0	3.9	-	6.0	20.1	0.0	-	4.2
Supplément de retour au travail (Que. only)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Employment Services	0.1	0.9	4.1	0.8	-	6.8	9.0	4.8	8.7	8.9	20.1	0.8	0.0	6.0
Pan-Canadian³	2.6	4.9	11.5	16.2	-	14.4	2.7	1.3	1.6	5.7	0.5	5.6	0.0	5.7
Grand Total - Programs and Services	0.2	0.6	3.2	0.8	-	6.2	8.5	3.6	8.3	8.1	10.6	1.5	2.6	5.1

Source: Participant Data Set

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions. Some Aboriginal clients have self-identified as Visible Minorities.
2. Data not recorded in the Provincial Management system.
3. Includes clients served under the Aboriginal Human Resource Development Strategy.

New Interventions¹

2001/2002

	Nfld.	P.E.I.	N.S. ²	N.B.	Que.	Ont. ²	Man.	Sask.	Alta.	B.C. ²	N.W.T.	Yuk.	Nunavut	Canada
Employment Programs														
Targeted Wage Subsidies	796	596	420	2,929	14,273*	4,707	534	1,261	320	2,771	15	8	21	28,651
Self-Employment	214	87	389	390	3,521	3,467	320	256	928	2,492	-	91	1	12,156
Job Creation Partnerships	3,460	88	598	1,044**	-	1,753	911	-	1,287	931	-	1	-	10,073
Skills Development - Regular	5,646	1,768	4,064	5,679	37,595	19,948	2,767	11	4,064	11,353	15	219	93	93,222
Skills Development - Apprentices	1,347	245	1,033	1,945	-	11,065	2,416	3,665	12,258	6,975	139	96	36	41,220
Total Employment Programs	11,463	2,784	6,504	11,987	55,389	40,940	6,948	5,193	18,857	24,522	169	415	151	185,322
Employment Services														
Employment Assistance	313	1,218	3,342	3,819	74,670	62,437	14,001	2,577	118,047	75,691	-	428	1	356,544
Group Services	383	70	460	8	33,546	33,753	14	634	-	1,405	-	2	-	70,275
Individual Counselling	6,026	1,670	1,331	12,883	32,565	41,665	25,877	6,530	-	29,616	144	162	-	158,469
Supplément de retour au travail (Que. only)	-	-	-	-	8,149	-	-	-	-	-	-	-	-	8,149
Total Employment Services	6,722	2,958	5,133	16,710	148,930	137,855	39,892	9,741	118,047	106,712	144	592	1	593,437
Total Employment Services - Without Group Services	6,339	2,888	4,673	16,702	115,384	104,102	39,878	9,107	118,047	105,307	144	590	1	523,162
Pan-Canadian	230	41	269	253	1,232	3,812	3,337	1,928	2,175	2,797	205	179	83	16,541
Grand Total - Programs and Services	18,415	5,783	11,906	28,950	205,551	182,607	50,177	16,862	139,079	134,031	518	1,186	235	795,300
Grand Total - Without Group Services	18,032	5,713	11,446	28,942	172,005	148,854	50,163	16,228	139,079	132,626	518	1,184	235	725,025

Source: Participant Data Set

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions. Interventions refer to new start participants between April 1, 2001 and March 31, 2002. Incomplete interventions are included in this Annex.

2. Some interventions recorded as pan-Canadian were funded through EI Part II.

* Please note that this number is overstated by 1,893 interventions that were funded by the province and could not be removed. In Quebec, TWS also includes interventions that are similar to JCP.

** These interventions were not funded through EI Part II but could not be removed from the data sets used to produce this report.

EBSM and Pan-Canadian Activities Part I – Final Expenditures¹

In (\$000)/By Intervention – 2001/2002

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Yuk.	Nunavut	Canada
Self-Employment	893	292	2,150	2,101	12,006	14,395	1,816	897	4,788	6,487	297	145	37	46,304
Job Creation Partnerships ²	2,748	169	1,252	62	1,073	4,069	1,576	-	-	1,448	-	16	-	12,413
Skills Development	20,354	7,671	15,170	26,097	92,219	88,526	19,486	12,260	43,912	36,607	845	981	375	364,503
TOTAL	23,995	8,132	18,572	28,260	105,298	106,990	22,878	13,157	48,700	44,542	1,142	1,142	412	423,220

Source: Corporate Management System

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions.

2. In Quebec, this amount refers to Pan-Canadian activities.

EBSM Part II – Final Expenditures¹

In (\$000)/By Intervention – 2001/2002

	Nfld.	P.E.I.	N.S.	N.B.	Que. ²	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Yuk.	Nunavut	NHQ	Canada
Employment Programs*															
Targeted Wage Subsidies	4,613	2,840	3,141	9,585	53,112	18,815	1,694	3,068	1,847	12,123	277	16	177	-	111,308
Self-Employment	3,104	665	4,860	3,258	28,800	47,462	2,512	566	5,128	28,005	196	596	40	-	125,192
Job Creation Partnerships	19,190	622	6,177	-	-	23,880	4,576	-	6,496	8,248	-	28	-	-	69,217
Skills Development	75,982	11,695	33,136	61,526	331,811	191,758	23,888	25,948	66,070	119,286	1,222	1,690	1,494	-	945,486
Total Employment Programs	102,889	15,822	47,314	74,369	413,723	281,915	32,670	29,582	79,541	167,642	1,695	2,330	1,711	-	1,251,203
Employment Services*															
Employment Assistance	10,144	2,054	17,891	11,760	93,895	178,678	9,180	1,780	30,267	99,913	701	1,470	36	-	457,769
Supplément de retour au travail (Que. only)	-	-	-	-	3,587	-	-	-	-	-	-	-	-	-	3,587
Total Employment Services	10,144	2,054	17,891	11,760	97,482	178,678	9,180	1,780	30,267	99,913	701	1,470	36	-	461,356
Other*															
Labour Market Partnerships	12,819	7,232	12,329	1,600	84,529	36,631	6,872	6,915	2,983	5,222	610	28	-	-	177,770
Research & Innovation	-	-	-	2,697	-	-	796	582	-	-	-	-	-	-	4,075
Adjustment to Balance ³	(541)	(3,382)	(748)	80	208	(3,618)	(3)	(34)	130	(1,697)	443	(8)	338	226	(8,606)
Total Other	12,278	3,850	11,581	4,377	84,737	33,013	7,665	7,463	3,113	3,525	1,053	20	338	226	173,239
TOTAL Part II - Regular	125,311	21,726	76,786	90,506	595,942	493,606	49,515	38,825	112,921	271,080	3,449	3,820	2,085	226	1,885,798
Pan-Canadian (see details chart 2.12)	2,704	2,985	3,227	2,138	13,194	20,453	13,008	12,016	12,672	15,028	2,856	1,248	2,148	94,196	197,873
Total including Pan-Canadian	128,015	24,711	80,013	92,644	609,136	514,059	62,523	50,841	125,593	286,108	6,305	5,068	4,233	94,422	2,083,671
Administrative costs related to LMDAs⁴															
(Transfer regions only)															
				8,880	57,733		5,841	6,014	9,451		1,320		1,427		90,666

Source: Corporate Management System and Provincial/Territorial Audited Statements

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions.

2. An expenditure of \$17M for Labour Market Partnerships is under review.

3. Adjustment to reflect the overpayments established, opening/closing benefits accrual and other discrepancies due to multiple systems connectivity and overcontribution.

4. Administration costs include \$86,056 (salary & non-salary) to administer LMDAs, \$640 (agreement to develop provincial capacity required for LMDA implementation) and \$3,970 for rent.

* Includes expenditures (\$17.5M) for Aboriginal groups in Nova Scotia, Ontario and British Columbia.

El Part II Pan-Canadian – Final Expenditures

In (\$000)/By Intervention – 2001/2002

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Yuk.	Nunavut	NHQ	Canada
Aboriginal Human Resource Development Strategy*	1,828	215	1,621	1,317	10,285	17,052	12,172	11,600	11,701	14,062	2,518	985	2,148	1,106	88,610
Programs and Services															
Targeted Wage Subsidies	-	2,397	-	-	-	-	-	-	-	-	-	-	-	-	2,397
Self-Employment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Job Creation Partnerships	-	-	-	-	15	-	-	-	-	-	-	-	-	405	420
Skills Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employment Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	3,294	3,294
Total - Programs and Services	-	2,397	-	-	15	-	-	-	-	-	-	-	-	3,699	6,111
Other															
Local Labour Market Partnerships	837	345	1,564	821	2,644	3,401	836	416	971	954	338	263	-	-	13,390
Ntl. Labour Market Partnership	39	28	42	-	250	-	-	-	-	-	-	-	-	61,056	61,415
Research and Innovation	-	-	-	-	-	-	-	-	-	12	-	-	-	28,335	28,347
Total Other	876	373	1,606	821	2,894	3,401	836	416	971	966	338	263	-	89,391	103,152
Grand Total	2,704	2,985	3,227	2,138	13,194	20,453	13,008	12,016	12,672	15,028	2,856	1,248	2,148	94,196	197,873

Source: Corporate Management System

* Excludes expenditures (\$17.5M) for Aboriginal groups in Nova Scotia, Ontario and British Columbia.

Returns to Employment & Unpaid Benefits Indicators¹

2001/2002

		Clients who returned to employment ²					Unpaid Benefits (\$M) ²						
		Results				Results vs. Targets %	Targets ³	Results			Results vs. Targets %		
Targets ³		Apprentices	Group Services	Other	Total ⁴			Apprentices	Group Services	Other		Total ⁴	
	Newfoundland and Labrador	6,455	443	138	6,230	6,811	106%	13.80	2.80	0.73	8.36	11.89	86%
	Prince Edward Island	2,800	79	31	1,908	2,018	72%	5.00	0.68	0.09	3.38	4.15	83%
	Nova Scotia	6,603	606	193	5,449	6,248	95%	16.00	4.77	0.85	7.66	13.28	83%
	New Brunswick	6,612	892	0	7,890	8,782	133%	14.70	6.74	0.00	15.24	21.98	150%
	Quebec	68,080	0	8,044	52,119	60,163	88%	178.50	0.00	45.29	110.19	155.48	87%
	Ontario	61,500	6,780	6,366	30,444	43,590	71%	225.50	52.31	41.11	88.58	182.00	81%
	Manitoba	9,200	1,234	14	9,170	10,418	113%	26.00	8.23	0.14	27.94	36.31	140%
	Saskatchewan	3,300	1,528	180	2,540	4,248	129%	12.25	11.56	0.86	7.46	19.88	162%
	Alberta	22,000	7,755	0	12,088	19,843	90%	117.50	64.65	0.00	48.50	113.15	96%
	British Columbia	27,000	3,976	294	21,067	25,337	94%	120.00	32.63	2.11	55.10	89.84	75%
	Northwest Territories	300	72	0	55	127	42%	1.75	0.89	0.00	0.32	1.21	69%
	Yukon	318	40	0	237	277	87%	1.75	0.41	0.00	0.83	1.24	71%
	Nunavut	146	17	0	20	37	25%	0.62	0.20	0.00	0.07	0.27	44%
	National Headquarters	N/A	0	0	39	39	N/A	N/A	0.00	0.00	0.08	0.08	N/A
	Canada	214,314	23,422	15,260	149,256	187,938	88%	733.37	185.87	91.18	373.71	650.76	89%

Source: Results Data Set

N/A = not applicable

1. Comparisons across jurisdictions are difficult as a result of differences in service delivery and labour market conditions.

2. In addition to the numbers reported in this table, 7,451 returns to work and \$13.8 million in unpaid benefits were attributable to Aboriginal EBSM interventions. Of these Aboriginal results, 330 returns to work and \$533,914 in unpaid benefits were 2000/01 results that were not included in the 2000/01 report. "Returns to work" is a success indicator that refers to the number of insured participants (including current and former Part I claimants) who are employed and have received support through EBSMs. "Unpaid benefits" is a success indicator that refers to the amount of unpaid Part I benefits to active EI clients and is calculated as the difference between an individual's maximum entitlement to regular income benefits and the actual payout of such benefits.

3. Targets are for regular EBSM clients only.

4. Results are slightly understated due to the use of an Employment Insurance file that uses data beyond the end of the fiscal year.

Regular EBSM Results Returns to Work by Intervention¹

2001/2002

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	N.W.T.	Yuk.	Nunavut	NHQ	Canada
Employment Programs															
Targeted Wage Subsidies	538	306	429	1,391	4,868	2,705	210	348	276	1,257	1	4	4	1	12,338
Self-Employment	188	73	390	268	1,956	2,128	122	96	698	1,309	4	6	1	0	7,239
Job Creation Partnerships	1,523	51	334	399	35	694	327	0	664	287	0	19	0	0	4,333
Skills Development - Regular	2,733	1,036	2,859	2,955	17,032	7,754	1,096	3	1,569	4,357	15	99	15	4	41,527
Skills Development - Apprentices	522	79	618	1,136	0	6,833	1,464	2,200	7,769	3,983	72	40	17	0	24,733
Total Employment Programs	5,504	1,545	4,630	6,149	23,891	20,114	3,219	2,647	10,976	11,193	92	168	37	5	90,170
Employment Services															
Employment Assistance	405	224	828	589	13,578	11,253	2,826	482	8,857	11,025	1	101	0	17	50,186
Group Services	138	31	193	0	8,044	6,366	14	180	0	294	0	0	0	0	15,260
Individual Counselling	762	214	545	1,967	9,286	5,818	4,357	939	0	2,808	34	7	0	17	26,754
Supplément de retour au travail (Que. only)	-	-	-	-	5,362	-	-	-	-	-	-	-	-	-	5,362
Other²	2	4	52	77	2	39	2	0	10	17	0	1	0	0	206
Total Employment Services	1,307	473	1,618	2,633	36,272	23,476	7,199	1,601	8,867	14,144	35	109	0	34	97,768
Total - Programs and Services	6,811	2,018	6,248	8,782	60,163	43,590	10,418	4,248	19,843	25,337	127	277	37	39	187,938
Target ³	6,455	2,800	6,603	6,612	68,080	61,500	9,200	3,300	22,000	27,000	300	318	146	N/A	214,314
Results vs. Targets (%)	106%	72%	95%	133%	88%	71%	113%	129%	90%	94%	42%	87%	25%	N/A	88%

NA = not applicable

1. Based on 2001-2002 Employment Results for EBSM interventions. Results have been attached to the last intervention in which an individual participated with Employment Benefits superseding participation in a short-term intervention. Targeted Wage Subsidies results supersede all other results as a result of the calculation methodology.
2. The "Other" category refers to results that do not correspond to any EBSM because of data integrity problems.
3. Targets are for regular EBSM clients only.

Community Profiles^{1,2}**1. Atlantic Communities****Clareville**

Clareville is a major regional centre serving the eastern coast of Newfoundland. Although highly reliant on the fishing industry, employment in retail trade, manufacturing, construction and health and social services constitute important industries within the community. Clareville has been experiencing net out-migration, with its population falling by about 1.9% annually since 1996.

In 2001/02, the unemployment rate in Clareville declined by 0.4 percentage points to 20.6%, almost three times the national unemployment rate of 7.4%. Despite the decline in the unemployment rate, the slowdown in market conditions within the shrimp fishery and job losses following the completion of major projects led to increases in EI indicators. Regular and fishing claims increased by 6.7% from 6,280 in 2000/01 to 6,700 in 2001/02. Similarly, frequent claimants continue to comprise a significant proportion of beneficiaries (70%), up from 61.6% over the previous reporting period. Average weeks on claim remained stable at 25 weeks and the proportion of entitlement used by claimants before returning to work remained virtually unchanged (-0.2 percentage points) at 69.5%. Average weekly benefits rose by 1.8% to \$294, reflecting the elimination of the intensity rule.

Clareville is a community that is highly reliant on EI to stabilize incomes. In 2000, 60.1% of those with wages also received some EI benefits, more than four times the national average of 14.4%. Moreover, benefits

represented 17.3% of employment earnings, about 10 times the national average of 1.9%.

Prince Edward Island

A large part of Prince Edward Island's economic base consists of highly seasonal activities, especially in the tourism, agriculture and fishing industries.

In 2001/02, the unemployment rate in PEI increased by 12.1%, up 0.1 percentage points from 2000/01, reflecting the fact that labour force growth offset gains in employment. Despite improved labour market conditions boosted by expansions in construction industries resulting from new government, health and tourist related projects, regular and fishing claims increased by 4.2% to 23,176 in 2001/02. The increase in claims can be traced to a rise in fishing claims, which in turn is linked to the increase in multiple fishing claims. Further, frequent claimants continue to comprise a significant proportion (67.1%) of beneficiaries, up 1.2 percentage points from 2000/01. Average weeks on claim declined slightly (-0.7 weeks) to 22 weeks and the percentage of EI entitlement used by claimants before returning to work remained relatively stable (-0.2 percentage points) at 71.2%. Average weekly benefits increased by 3.0% to \$282, reflecting the elimination of the intensity rule.

As a result of its seasonal economy, PEI is highly reliant on EI. In 2000, 37.1% of persons with wages also received some EI benefits. Moreover, benefits represented 8.9% of total employment income, more than four times the national average (1.9%).

¹ The unemployment rates provided represent the unemployment rates for the EI region where the community is located and, therefore, may vary slightly from the unemployment rate in the community. Employment Insurance (EI) figures are for fiscal year 2001/02. Income statistics are reported by the Canada Customs and Revenue Agency (CCRA) for calendar year 2000. Figures related to educational attainment are obtained from 1996 Census data.

² EI claims and benefits figures are for regular and fishing claims only. Special benefits are not included.

Truro

Truro is a regional centre located at the head of the Bay of Fundy. A significant part of Truro's economic base consists of activities in manufacturing and tourism, with some dependence on the fishery.

Truro's unemployment rate was 10.4% in 2001/02, up 0.6 percentage points from the previous reporting period. Reflecting growth in construction industries resulting from the development of new projects, EI claims declined by 6.5% to 4,340 in 2001/02. Moreover, the proportion of EI entitlement used by claimants before returning to work declined to 61.6%, from 63.0% in 2000/01. Average weeks spent on claim also remained stable at 20 weeks. The proportion of frequent claimants remained stable (-0.1 percentage points) at 45.6%. Average weekly benefits increased 2.1% to \$274.

EI plays a significant role in Truro's economy. In 2000, 22.5% of persons with wages also received some EI benefits. Moreover, benefits represented close to 4% of total employment income, nearly double the national average.

Miramichi

Miramichi is situated within Northumberland County in the northeastern part of New Brunswick. Employment is highly seasonal, with fishing, forestry and tourism constituting the major economic activities.

In 2001/02, the unemployment rate in Miramichi was 17.2%, up 1.9 percentage points from the previous reporting period, and more than double the national average of 7.4%. Regular and fishing claims increased 11.2% to 4,680. A substantial proportion of the rise in claims occurred in the manufacturing sector, which is linked to the streamlining of operations in paper and pulp manufacturing. Moreover, due to the highly seasonal nature of the economy, frequent claimants comprised 57.1% of beneficiaries, down from 62.5% in 2000/01. Reflecting an increase in entitlement weeks (+2.2 weeks), the proportion of entitlement used fell from 68.7% to 64.3%, while the average weeks spent on claim remained stable at 25 weeks. Average weekly benefits increased by 3.9% to \$302.

EI plays a major income stabilization role in Miramichi. In 2000, 38% of persons with wages also received some benefits and EI benefits represented about 9% of total employment income, four times the national average.

Table 1
Atlantic Communities

Community	U Rate*		VER** Hours		Entitlement (Weeks)		Duration***		Benefits (Weekly)		% Female	% Frequent
	01/02	Δ	01/02	00/01	01/02	%Δ	01/02	%Δ	01/02	%Δ	01/02	01/02
Clarendville	20.6%	-0.4	420	420	36.8	-1.1	69.5%	-0.3	\$294	1.8	38.4	70.0
PEI	12.1%	0.1	470	473	32.2	-2.4	71.2%	-0.3	\$282	3.0	39.4	67.1
Truro	10.4%	0.6	531	554	34.1	0.9	61.6%	-2.2	\$274	2.1	37.6	45.6
Miramichi	17.2%	1.9	420	420	39.7	5.9	64.3%	-6.4	\$302	3.9	38.2	57.1

Δ = Change

* Average annual unemployment rate

** Variable Entrance Requirement in average hours of insurable employment

*** Duration actually spent on claim expressed as a percentage of entitlement

2. Quebec Communities

Repentigny

The community of Repentigny is located east of Montréal on the north shore of the St. Lawrence River. Although employment is concentrated in manufacturing and retailing, there is a strong but slowly declining dependence on construction, agriculture and forestry related industries.

In 2001/02, Repentigny had an unemployment rate of 8.9%, up 0.2 percentage points from the previous reporting period. Regular and fishing claims increased by 2.5% to 18,100, reflecting the decline in employment within the construction industry. Similarly, the number of frequent claimants increased by 3.1%, from 7,120 in 2000/01 to 7,340 in 2001/02. Average weeks spent on claim remained stable at 18 weeks, while the proportion of entitlement used increased from 58.4% to 59.0%. Average weekly benefits increased by 2.5% to \$290, about \$14 below the national average.

Repentigny is somewhat reliant on EI with 20% of wage earners also receiving EI benefits in 2000 and benefits representing 2.9% of employment income, compared to the national average of 1.9%.

Montréal Centre East

Montréal Centre East is a largely Francophone community, with a growing proportion of the labour force made up of workers over the age of 55. Employment is concentrated in health and social services, retail trade and government services, all spin-off industries supporting downtown businesses and a large nearby industrial complex.

In 2001/02, the unemployment rate in Montréal Centre East was 8.3%, up 0.5 percentage points from the previous reporting period. Despite relatively positive labour market conditions for much of the reporting period, EI claims rose by 0.8% to 8,780, reflecting the tragic events of September 11th that affected many business service industries. However, the proportion of beneficiaries who were frequent claimants declined for the fifth consecutive year, from 30.5% in 1997/98 to 20.2% in 2001/02. Average weeks on claim increased slightly (+0.7 weeks) to 19 weeks in 2001/02, and the proportion of entitlement used increased marginally from 63.1% to 63.3% over the same period. Average weekly benefits increased by 3.6% to \$289, reflecting higher average weekly earnings.

EI plays a moderate income stabilization role in Montréal Centre East, with 16.5% of persons with wages also receiving EI in 2000. Benefits represented 2.4% of employment income, slightly above the national average of 1.9%.

Table 2
Quebec Communities

Community	U Rate*		VER** Hours		Entitlement (Weeks)		Duration***		Benefits (Weekly)		% Female	% Frequent
	01/02	Δ	01/02	00/01	01/02	%Δ	01/02	%Δ	01/02	%Δ	01/02	01/02
Repentigny	8.9%	0.2	584	591	32.0	0.0	59.0%	1.0	\$290	2.5	38.5	40.6
Montréal Centre East	8.3%	0.5	607	624	31.1	3.3	63.3%	0.3	\$289	3.6	39.7	20.2

Δ = Change

* Average annual unemployment rate

** Variable Entrance Requirement in average hours of insurable employment

*** Duration actually spent on claim expressed as a percentage of entitlement

3. Ontario Communities

Toronto Centre

The Toronto Centre community is located in Canada's largest urban area. It is an affluent community, with average employment incomes more than twice the national level. Toronto Centre is characterized by a very high proportion of post-secondary graduates, with jobs concentrated in management and professional occupations.

In 2001/02, the unemployment rate in Toronto Centre was 6.5%, up 1.0 percentage point from the previous reporting period, but well below the national average of 7.4%. EI regular claims increased by 47.7% to 3,810, reflecting the slowdown in economic activity that impacted downtown businesses and the financial market, which emanated from the tragic events of September 11th. The proportion of entitlement used by claimants before returning to work increased to 63.3% from 59.4% in 2000/01 and the average weeks spent on claim increased significantly from 17 to 20 weeks. Average weekly benefits increased by 0.9% to \$356, reflecting higher average weekly earnings. As in most large cities, work is largely full time and full year, resulting in few frequent claimants (6.6%).

EI plays a limited role in Toronto Centre, with only 5.4% of those with wages collecting EI in

2000. Benefits comprised only 0.3% of total employment income, considerably less than the national average of 1.9%.

Hamilton Mountain

Hamilton Mountain is a services-oriented community in the city of Hamilton. While employment in the community is concentrated in the service-producing sector, particularly in health and social services, retail trade and government services, its economy depends heavily on the health of the manufacturing industry, particularly steel.

The unemployment rate in Hamilton Mountain was 6.2% in 2001/02, up 1.1 percentage points from the previous reporting period. Further, employment declined as a result of job losses within the service-producing sector. As a result, regular claims increased 10.7% to 6,700 in 2001/02. The proportion of entitlement used by claimants before returning to work increased by 4.3 percentage points to 59.7% and the average weeks spent on claim also rose (+1.7 weeks) to 17 weeks. Average weekly benefits increased marginally by 0.6% to \$327.

EI plays a limited role in the local economy of Hamilton Mountain, with only 9.0% of wage earners receiving EI in 2000. Moreover, EI comprised only 0.9% of total employment income in the community, less than half of the national average of 1.9%.

Table 3
Ontario Communities

Community	U Rate*		VER**		Entitlement (Weeks)		Duration***		Benefits (Weekly)		% Female	% Frequent
	01/02	Δ	01/02	00/01	01/02	%Δ	01/02	%Δ	01/02	%Δ	01/02	01/02
Toronto Centre	6.5%	1.0	674	700	30.9	6.2	63.3%	6.6	\$356	0.9	55.9	6.6
Hamilton Mountain	6.2%	1.1	674	694	29.0	1.4	59.7%	7.8	\$327	0.6	39.7	21.3

Δ = Change

* Average annual unemployment rate

** Variable Entrance Requirement in average hours of insurable employment

*** Duration actually spent on claim expressed as a percentage of entitlement

4. Prairie and Northern Communities

St. Boniface

St. Boniface is a suburb of Winnipeg.

Employment within this community is largely concentrated in manufacturing, construction, business services, retail trade, and education services.

In 2000/01, the unemployment rate in St. Boniface was 5.3%, unchanged from 2000/01 and well below the national average of 7.4%. Regular claims increased by 7.9% from 3,430 in 2000/01 to 3,700 in 2001/02. Frequent claimants comprised 26.2% of beneficiaries, down 5.3 percentage points from 2000/01 and well below the national average of 34.7%. However, claimants found work more quickly as reflected in the decline in EI entitlement used, from 61.0% to 59.6%, and in the decline in average weeks on claim, from 17 weeks in 2000/01 to 16 weeks in 2001/02.

Given the relatively strong local economy, EI plays a limited role in the community's economy, with only 10.8% of wage earners receiving EI and benefits making up only 1.3% of total employment income, less than the national average (1.9%).

Prince Albert

Prince Albert is a service and processing centre for the surrounding area of prairie agriculture and forestry in central Saskatchewan. Employment declined in 2001/02, reflecting job losses in resource-based industries.

The unemployment rate in Prince Albert in 2001/02 was 14.5%, up 1.2 percentage points from 2000/01, but nearly double the national average of 7.4%. Regular claims increased by 2.2%, from 3,640 in 2000/01 to 3,720 in 2001/02, reflecting job losses in agriculture and the mining industries. Nonetheless, about 39.2% of EI recipients were frequent claimants,

as is the case in most parts of the country where seasonal industries dominate the local economy. Despite the increase in claims, other EI indicators were generally positive in 2001/02. There was a marked decline in EI entitlement used, from 54.0% in 2000/01 to 50.9% in 2001/02, while the average weeks spent on claim declined (-0.3 weeks) to 19 weeks. Average weekly benefits increased by 5.0% to \$319, about \$15 higher than the national average.

Prince Albert is somewhat reliant on EI with 18.1% of wage earners also receiving EI benefits in 2000 and benefits comprising 3.3% of total employment income, higher than the national average of 1.9%.

Calgary Centre

Calgary Centre is an urban centre with positive employment growth over the last few years, emanating from its strong oil and gas industry. However, the community has become less reliant on energy by broadening its economic base into the business services and transportation industries. Other key industries in Calgary Centre include manufacturing, construction, retail trade, telecommunications, education and health.

In 2001/02, the unemployment rate in Calgary Centre remained stable at 4.6%, significantly lower than the national unemployment rate of 7.4%. However, regular claims increased substantially (22.4%), from 4,070 in 2000/01 to 4,980 in 2001/02. The rise in claims reflects the slowdown in economic activity resulting from the tragic events of September 11th and stoppage of major projects within the oil and gas industry. Only a small proportion of EI beneficiaries were frequent claimants (11.6%), compared to the national average of 34.7%. The proportion of entitlement used by claimants before returning to work increased to 61.6% from 59.4%, and average weeks

spent on claim increased from 16 to 18 weeks. Average weekly benefits increased by 7.5% to \$341, reflecting higher average wages of claimants.

EI plays a limited role in Calgary Centre, with only 8.1% of wage earners also receiving EI benefits. Further, benefits comprised only 0.7% of employment income, less than half of the national average (1.9%).

Yellowknife

Yellowknife is the capital of the Northwest Territories and therefore serves as the primary government and administrative centre, with some reliance on mining and construction activities.

Although the unemployment rate in the EI region is set at 25%, the unemployment rate in the city of Yellowknife was actually comparable to the national average of 7.4% in 2001/02. Employment growth in mineral and oil/gas extraction led to a 16.4% decline in EI claims from 610 in 2000/01 to 510 in 2001/02. Further, only a small proportion (15.7%) of beneficiaries were frequent claimants, in contrast to the national average of 34.7%. Average weeks (19 weeks) spent on claim and the percentage of entitlement (47.4%) used

before returning to work remained stable. Average weekly benefits increased by 3.3% to \$367, reflecting above average incomes in Yellowknife.

The community of Yellowknife has a slight reliance on EI, with 12.6% of wage earners also collecting EI benefits. Further, EI benefits represented less than 2% of employment income.

5. British Columbia Communities

Kelowna

Kelowna is a processing and service centre for the farming and timber rich Okanagan Valley area of British Columbia. The population of Kelowna has been growing at an annual rate of 2.5%, largely due to an emerging high-tech industry and because it is a popular retirement destination.

The unemployment rate in Kelowna was 10.1% in 2001/02, down 0.3 percentage points from 2000/01. Regular claims declined by 5.4% to 7,150, despite the increase in claims for workers over 45 years (7.6%). The rise in claims for workers 45 years and above reflects the fact that many lack the education and skills required to re-enter the labour force following lay-off from their long-term employment.

Table 4
Prairies and Northern Communities

Community	U Rate*		VER**		Entitlement (Weeks)		Duration***		Benefits (Weekly)		% Female	% Frequent
	01/02	Δ	01/02	00/01	01/02	%Δ	01/02	%Δ	01/02	%Δ	01/02	01/02
St. Boniface	5.3%	0.0	700	700	27.0	-2.2	59.6%	-2.3	\$293	-2.9	41.4	26.2
Prince Albert	14.5%	1.2	420	435	39.3	4.0	50.9%	-5.7	\$319	5.0	26.3	39.2
Calgary Centre	4.6%	0.0	700	700	29.6	3.1	61.6%	3.7	\$341	7.5	34.3	11.6
Yellowknife	25.0%	0.0	420	420	42.0	1.2	47.4%	2.2	\$367	3.3	29.4	15.7

Δ = Change

* Average annual unemployment rate

** Variable Entrance Requirement in average hours of insurable employment

*** Duration actually spent on claim expressed as a percentage of entitlement

Overall, the proportion of frequent claimants declined for the fifth consecutive year, from 33.5% in 1997/98 to 28.5% in 2001/02.

However, the proportion of entitlement used by claimants before returning to work increased from 55.6% to 57.1% in 2001/02, while the average weeks spent on claim remained stable at 19 weeks. Average weekly benefits increased by 1.8% to \$311, about \$7 above the national average.

Kelowna is somewhat reliant on EI with 17.1% of wage earners receiving EI benefits. Benefits comprised 2.3% of employment income, just above the national average of 1.9%.

Surrey

The Surrey community is a southern suburb of Vancouver. Since 1994, Surrey's population has been growing as a result of an increase in its immigrant population, with one-sixth of the local labour force having come to Canada in the last decade. The economy in Surrey is highly diverse, with major concentrations in trade, manufacturing, health and other services and construction.

In 2001/02, the unemployment rate was 6.9%, up 0.9 percentage points from 2000/01. Regular claims rose 17.0%, from 15,020 in 2000/01 to 17,570 in 2001/02, reflecting the slowdown in the economy resulting from the tragic events of September 11th and the slowdown in the high-tech industry. However, the proportion of frequent claimants declined to 22.5%, down from 25.9% in the previous reporting period. Average weeks paid rose (+1.8 weeks) to 19 weeks and the proportion of entitlement used declined from 68.6% to 67.5%, reflecting the higher increase in insurable hours by 4.0% to 1,412 hours. Average weekly benefits increased by 6.0% to \$301.

The Surrey economy relies somewhat on EI, with 14.4% of wage earners also receiving EI benefits and benefits comprising 1.8% of employment income, about the same as the national average (1.9%).

Table 5
British Columbia Communities

Community	U Rate*		VER** Hours		Entitlement (Weeks)		Duration***		Benefits (Weekly)		% Female	% Frequent
	01/02	Δ	01/02	00/01	01/02	%Δ	01/02	%Δ	01/02	%Δ	01/02	01/02
Kelowna	10.1%	-0.3	540	534	34.7	-1.1	57.1%	2.7	\$311	1.8	35.9	28.5
Surrey	6.9%	0.9	648	685	29.0	10.7	67.5%	-1.6	\$301	6.0	43.7	22.5

Δ = Change

* Average annual unemployment rate

** Variable Entrance Requirement in average hours of insurable employment

*** Duration actually spent on claim expressed as a percentage of entitlement

CA1
HR
- E53

EMPLOYMENT INSURANCE

Government
Publications

2003 Monitoring and Assessment Report



Human Resources and
Skills Development Canada

Ressources humaines et
Développement des compétences Canada

Canada

SK-SP-102-04-04E



March 2004

The Honourable Joe Volpe
Minister of Human Resources and Skills Development
Place du Portage, Phase IV
140 Promenade du Portage
Gatineau, Quebec
K1A 0J9

Dear Minister Volpe:

We are pleased to present the *2003 Employment Insurance Monitoring and Assessment Report*, the seventh in a series of annual reports submitted by the Canada Employment Insurance Commission under section 3 of the *Employment Insurance Act*.

This seventh report focuses on the period April 1, 2002 to March 31, 2003—the sixth full fiscal year the reformed Employment Insurance (EI) system has been in place. The report presents a detailed analysis of what is known so far about the impact of the 1996 EI reform as well as the overall effectiveness of income benefits and active measures. The analysis compares results for 2002/03 to 2001/02 as well as trends since the implementation of the reforms in 1996/97.

The 2003 report provides information on the comprehensive evaluation that is being undertaken to assess EI income benefits, including the development of an evaluation framework. To further improve transparency and ensure balanced reporting of findings, a supplementary annex provides a summary of the key studies and evaluations that are referenced in the report. Further, the report provides a detailed assessment of the savings that were realized as a result of EI reform. The report also provides preliminary findings on the effectiveness of Employment Benefits and Support Measures that are delivered under the Labour Market Development Agreements.

As we pointed out in previous years, you should note that our findings on the impact of changes to the EI program for this period are based on available data. For example, as it takes several months following the end of a claim before administrative information is available for analysis, the information about claims that started in the latter part of 2002/03 will only be available later. In addition, information on measures such as the benefit repayment provision comes via the tax system; therefore, the most recent information on this provision was for 2001.

We trust that you will find the report informative.

Wayne Wouters
Chairperson

Anthony Wohlfarth
Commissioner for Workers

Maryannett Flumian
Vice-Chairperson

Roger Légaré
Commissioner for Employers

Employment Insurance 2003 Monitoring and Assessment Report

Submitted to:

***The Minister of Human Resources and Skills
Development Canada***

March 31, 2004

By:

The Canada Employment Insurance Commission

Prepared by:

Human Resources and Skills Development Canada
Strategic Policy
Labour Market Policy Directorate

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Table of Contents

Introduction	a
Executive Summary.....	i
Chapter 1 – Labour Market Context	1
Chapter 2 – Income Benefits	9
I. Employment Insurance Clients	9
II. Assisting Canadians in Facing the Risk of Unemployment	11
III. Supporting Working Canadians and their Families	16
Chapter 3 – Employment Benefits and Support Measures and National Employment Service	19
I. Overview.....	19
II. Results	27
Chapter 4 – Program Administration	31
I. Improvements in Service Delivery	31
II. Quality	36
Chapter 5 – Impacts and Effectiveness of the Employment Insurance Program	39
I. EI Summative Evaluation – Income Benefits.....	39
II. EI and the Economy	39
III. EI and Communities	41
IV. EI and Individuals	44
V. Promoting Work Force Attachment.....	56
VI. Evaluation of Employment Benefits and Support Measures.....	58
VII. Work Force – Employer’s Perspective.....	64
VIII. Savings	65

Annexes on the Compact Disk

Annex 1 –	Key Labour Market Statistics
Annex 2 –	Income Benefits Data Tables
Annex 3 –	Employment Benefits and Support Measures Data Tables
Annex 4 –	Community Profiles
Annex 5 –	Key Studies Referenced in Chapter 5
Annex 6 –	UI/EI Legislative History
Annex 7 –	Elements of Reform

The Employment Insurance (EI) reform, introduced in July 1996 and January 1997, represented the most fundamental restructuring of the Unemployment Insurance program in 25 years. That is why the Government of Canada included a legislative requirement for the Canada Employment Insurance Commission to monitor and assess the impacts of the reform in a series of five reports covering the years 1997 to 2001. In light of the need to modify the EI program in the context of sound evidence,¹ the monitoring and assessment requirement was extended for an additional five years, from 2001 to 2006. Findings from recent reports led to the changes introduced in Bill C-2, an *Act to Amend the Employment Insurance Act and the Employment Insurance (Fishing) Regulations*, which received Royal Assent on May 10, 2001, and Bill C-49, an *Act to Implement Certain Provisions of the Budget Tabled in Parliament on December 10, 2001*, which received Royal Assent on March 27, 2002. EI regulations were also changed because of the monitoring and assessment process. Modifications to the rules concerning apprentices and small weeks came into effect, respectively, on July 21, 2002 and September 7, 2003. Further, on September 25, 2002, the Government of Canada launched a pilot project to ensure full access to maternity and parental benefits for mothers on preventive withdrawal from work.

This is the seventh Employment Insurance Monitoring and Assessment Report and it focuses on the period April 1, 2002 to March 31, 2003, the sixth full fiscal year that the Employment Insurance system has been in place.

Chapter 1 sets the context for the results by providing an overview of the Canadian labour market. The results for income benefits are described in Chapter 2. The support provided to unemployed workers through active re-employment measures, known as Employment Benefits and Support Measures (EBSMs), is discussed in Chapter 3. Chapter 4 provides an overview of program administration including the Modernizing Service for Canadians initiative. In Chapter 5, the impacts and effectiveness of EI are analyzed. Chapter 5 also highlights the development of a new evaluation framework for the EI program.

I. CANADA EMPLOYMENT INSURANCE COMMISSION

The Canada Employment Insurance Commission has four members who represent the interests of Government, workers and employers. The Chairperson and Vice-Chairperson (the Deputy Minister and Associate Deputy Minister of Human Resources and Skills Development) represent the interests of the federal government. The Commissioners for Workers and Employers represent the interests of workers and employers, respectively. Among its other responsibilities, the Commission has been assigned the legislated mandate to monitor and assess the impacts of EI reform. Under the 1996 EI Act, the Commission provided a report to the Minister by December 31st each year. However, under Bill C-2, this date was changed to allow for sufficient consultations with provinces in the preparation of this report. The Employment Insurance Commission must now provide the Minister with the report no later than March 31st. The report is then to be tabled by the Minister in Parliament.

¹ The Monitoring and Assessment report makes use of many sources of information in analyzing the effects of the changes introduced under Employment Insurance. In addition to HRSD administrative data, Canadian Out of Employment Panel (COEP) studies and information from Statistics Canada, evaluation studies that are funded by HRSD are also used. As in previous reports, this report includes references to evaluation studies that touch on both Part I and Part II benefits of the *Employment Insurance Act*.

The 1996 reform was far-reaching, affecting the fundamental design of the program. The 2001 and 2002 amendments reflected the program's responsiveness to changing economic and labour market conditions. The monitoring and assessment process helps to provide a broader understanding of the effectiveness of changes implemented. It reports on the impact of reforms on individuals, communities and the economy and helps contribute to the evolution of the program by providing feedback on how EI is assisting Canadians with temporary income support and re-employment measures.

II. LEGISLATED MANDATE

Specifically, section 3(1) of the *Employment Insurance Act* states that:

"The Commission shall monitor and assess:

- a) how individuals, communities and the economy are adjusting to the changes made by this Act to the insurance and employment assistance programs under the *Unemployment Insurance Act*;
- b) whether the savings expected as a result of the changes made by this Act are being realized; and
- c) the effectiveness of the benefits and other assistance provided under this Act, including
 - (i) how the benefits and assistance are utilized by employees and employers; and
 - (ii) the effect of the benefits and assistance on the obligation of claimants to be available for and to seek employment and on the efforts of employers to maintain a stable workforce."

In addition, under Bill C-2, section 3(2) of the EI Act was amended to extend the monitoring and assessment process to 2006 and to allow

the Commission more time for proper consultations with the provinces and territories in the preparation of the report. The Act now states that:

"The Commission shall report to the Minister on its assessment annually from 2001 to 2006, no later than March 31 following the end of each of those years. The Commission shall make any additional reports at any other times, as the Minister may request."

The seventh annual Employment Insurance (EI) Monitoring and Assessment Report examines the impacts and effectiveness of EI from the perspective of the economy, communities, and individual workers. The report also examines the effectiveness of the program in terms of how the program is utilized, encouraging work force attachment, use of active re-employment measures, and employers' management of their work force. The analysis focuses on the period from April 1, 2002 to March 31, 2003, which represents the sixth full fiscal year since the implementation of the reformed Employment Insurance program in 1996/97. Trends identified in previous reports, as they relate to the more recent findings, are also discussed.

Chapter 1 provides an overview of the Canadian labour market during the reporting period. The use of income benefits is described in Chapter 2 and participation in active re-employment measures, known as Employment Benefits and Support Measures (EBSMs), is discussed in Chapter 3. An overview of program administration, including the Modernizing Service for Canadians initiative, is presented in Chapter 4. Finally, Chapter 5 concludes with an analysis on the impact and effectiveness of the EI program from various perspectives and a review of the savings realized from the 1996/97 EI reform.

Labour Market Context

In 2002/03, Canada's economy and labour market recovered from the slowdown experienced during the previous reporting period. Overall, job gains were relatively large and widespread, with employment growing by 416,100 jobs, or 2.8% over 2001/02. Of the 416,100 new jobs created during the reporting period, nearly 40% were in part-time employment. As a result, the proportion of the employed population working part-time increased to 18.8%, the highest proportion

since 1998/99. The strength of the Canadian economy during the reporting period is also demonstrated by the fact that participation rates for men (73.5%) and women (61.0%) continued to increase. Despite the strength of the economy and labour market, a substantial number of Canadians heading a family lived on low incomes. This is significant because the Family Supplement is designed to enhance support for these individuals and their families.

In 2002/03 all provinces experienced positive employment growth, with two-thirds of the new jobs created in Quebec and Ontario. Employment growth was similar across paid employment (2.7%) and self-employment (2.8%). This is significant because paid employment is insured under EI and self-employment is not covered under the program with the exception of self-employed fishers. The analysis also indicates that employment growth was balanced across sectors with the services sector growing by 2.7% and employment in the goods-producing sector increasing by 2.9%.

Despite a relatively high rate of employment growth, the unemployment rate increased slightly from 7.4% to 7.6% as the growth in the size of the labour force was greater than the growth in employment. The unemployment rate remained stable for prime-aged men (6.6%) but increased for all other categories. Education continues to be a critical factor in determining labour market outcomes as individuals with less than a high school education had an unemployment rate of 13.6% in comparison to 5.0% for those with a university degree.

EI and the Economy

In 2002/03, there were 1.87 million new claims for EI benefits, representing a slight decrease of 3.2% over the previous year. The decrease in new claims is consistent with the stronger

labour market during the reporting period. Despite the decrease in total new claims, income benefits paid in 2002/03 totalled \$12.3 billion, an increase of 6.9% over 2001/02. The increase in benefits paid reflects the payment of benefits for claims established in 2001/02 when the economy experienced a slowdown and enhanced parental benefits matured.

Overall, evidence indicates that the EI program has been effective in stabilizing the economy and promoting an efficient labour market. Results from two independent macro-simulation models indicated that the total stabilization effect was between 10% and 16%, meaning that in the absence of the EI program there would have been a further decline in output and employment of approximately 10% to 16% in 2001 and 2002. Further, analysis indicates that the EI program assisted in maintaining household consumption as only 12% of individuals separated from their job experienced a decline in their household spending one year following job loss. For those whose consumption decreased, the magnitude of the decline varied depending on the type of household with an average decline of 24% of total annual income. A recent study also determined that the EI program does not act as a barrier to labour mobility, as there is a high degree of mobility across communities.

EI and Communities

An analysis of 14 representative communities, monitored since EI reform indicated that the program continues to respond to changes in local labour markets, despite very different economic realities across the country, by automatically adjusting entitlement and eligibility. The analysis shows that the duration of EI benefits continues to be adequate as claimants used, on average, 64% of their maximum entitlement before returning to

work. An additional analysis of urban and rural workers indicated that workers in rural communities were not affected by EI reform any differently than non-rural workers in terms of eligibility and entitlement.

EI and Individuals

Access to Benefits

As in past years, the issue of access to the EI program was examined using a variety of measures. The findings indicate that access remains high and is consistently high across the country. The analysis also indicates that there are variations in accessibility to the EI program by demographic groups and employment status. Women tend to have lower access to EI in comparison to men, reflecting different work patterns as women are more likely than men to work part time. Access for youth is lower because they are more likely to have insufficient insurable hours since they are more likely to be new entrants to the work force and, as a result, must meet higher entrance requirements. They also are more likely to work part time.

One approach used to examine accessibility was to examine the proportion of Canadian workers who would be eligible for EI should they lose their job. A simulation using the Survey of Labour and Income Dynamics (SLID) indicates that overall access to EI remains high with 88% of employed workers being eligible for EI benefits if they lost their job in December 2001. Accessibility was the same for men and women working full time (96%) and was lower for part-time workers with men at 41% and women at 57%. An analysis of accessibility for employed youth indicated that 65% would have been eligible to receive EI had they lost their job in December 2001. Further, an analysis based on the SLID simulations indicates that over 91% of employed workers

would have been able to access special benefits had they lost their job in December 2001.

A second method used to examine accessibility is the proportion of unemployed individuals, previously in paid employment, that are potentially eligible for EI. An analysis indicated that nearly 84% of those who had paid EI premiums and either lost their job or quit with just cause, were potentially eligible to receive EI benefits in 2002. The level of access for unemployed men (85%) was slightly higher than for women (82%), while access was 95% for individuals who had previously worked full time in comparison to 59% for part time and 79% for seasonal. An analysis also determined that among the unemployed target EI population, immigrants were more likely (87.8%) to be potentially eligible for EI than Canadian-born workers (83.1%). A further analysis will be undertaken to examine accessibility for recent immigrants and, in particular, the impact of the new entrant/re-entrant provision.

Finally, the broadest measure of accessibility to EI is the benefit to unemployment (B/U) ratio, which examines the proportion of all unemployed individuals that are in receipt of EI benefits. In 2002/03 the B/U ratio declined slightly from 47.0% to 45.4% in 2002/03, which is attributable to an increase in the proportion of the unemployed that have been out of the work force for an extended period of time.

An analysis continues to indicate that fishers are qualifying for benefits with relative ease as 96% of fishing claimants qualified for benefits with insured earnings in excess of the maximum entrance requirement of \$5,500. The relative ease with which fishers are meeting the entrance requirement may be encouraging more individuals to enter the fishing industry than otherwise would be the case. For example, the growth in fishing claims

by women has outpaced men for several years and increased by more than 20% in 2002/03.

A more in-depth analysis of the utilization of EI fishing benefits along with an analysis regarding the impact of EI fishing benefits on the commercial fishery will be undertaken.

As part of an ongoing effort to ensure the transparency and efficacy of the coverage measures, a review of these measures will be conducted by internal and external experts in preparation for the *2004 Monitoring and Assessment Report*.

Adequacy of Benefits

An analysis indicates that in 2002/03, the average weekly benefit rate increased by 1.5% to \$308, demonstrating that EI benefits continue to adjust in relation to rising wages. Nearly 32% of EI claimants received the maximum benefit rate of \$413 per week. The weekly benefit rate is based on the maximum insured earnings (MIE). An analysis of the MIE indicates that it remains 9.4% higher than the average industrial wage. The MIE will continue to be monitored and assessed. An analysis for 2002/03 determined that, on average, regular beneficiaries collected benefits for only two-thirds of the maximum number of weeks that they were entitled to, a proportion that is consistent with previous reporting periods. In addition, just over 30% of regular EI beneficiaries exhausted their entitlement to EI benefits, also consistent with previous reporting periods, and the number of frequent claimants who exhausted their benefits remained stable. An analysis indicated that one-third of sickness beneficiaries exhausted their entitlement. The circumstances of individuals that exhaust their entitlement to sickness benefits will be examined and reported in future Reports.

An analysis of maternity and parental benefits claims demonstrates that parents are using at least 85% of the full year available to them, indicating that the enhancements to parental benefits have provided families with the flexibility to care for their newly born or adopted children for an extended period of time. In 2002/03, men's participation in parental benefits continued to grow, increasing by 26%. Findings from recent studies indicate that following the enhancements to parental benefits mothers are spending a longer period of time at home, with over 70% of mothers taking a minimum of 11 months. The findings also determined that women are now returning to work more gradually, demonstrating the increased flexibility in sharing the benefits. Moreover, the findings found that overall household income did not significantly affect the duration of time at home by parents and that a mother's own wage was a more significant factor. A recent study examined mothers in receipt of Supplementary Unemployment Benefits and determined that mothers in receipt of a top-up were less likely to have short leave and were more likely to return to work within one year.

Adequacy of benefits was also assessed by examining the effectiveness of the Family Supplement in providing additional income support to low-income families. An analysis indicates that maternity/parental beneficiaries in receipt of the Family Supplement collected an additional 1.3 weeks of benefits, indicating the Family Supplement is helping to ensure that lower income claimants can fully access these benefits. Previous Reports have highlighted that the proportion of EI beneficiaries eligible for the Family Supplement has declined since 1998/99, which can be traced to family incomes increasing while the Family Supplement threshold remained fixed at \$25,921. In 2002/03 the proportion of EI

beneficiaries receiving the Family Supplement remained stable at 9.8%. Further monitoring and assessment of the Family Supplement provision is necessary.

Promoting Work Force Attachment

While there are numerous provisions within the program designed to promote work force attachment, this report focused on three key provisions: the divisor, working while on claim, and the Small Weeks provision. Overall, the findings indicated that the divisor and Small Weeks provision are working as intended. However, as has been reported in previous years, the working-while-on-claim provision may not be encouraging clients to accept all available work.

The divisor has encouraged a significant behavioural change as individuals are working the extra two weeks before establishing a claim. An analysis indicates that individuals who did not work at least two weeks beyond their minimum entrance requirements remained relatively stable at 3.3%. In 2002/03, the proportion of EI claims established using the Small Weeks provision increased from 8.1% to 9.9%. An analysis indicated that the Small Weeks provision provided clients, on average, with a weekly benefit that was \$12 higher in 2002/03 than it would have been had the provision not existed. Atlantic Canada and Quebec have a significantly larger proportion of claimants with small weeks compared to the national distribution.

While nearly 57% of claimants work while on claim, the proportion of claimants reporting working while on claim continued to decline. Findings continue to indicate that claimants may be hesitant to accept work while collecting EI benefits unless they can reduce their EI benefit for that week to \$0, which allows them to keep the week of benefit for later use.

A further analysis of the working-while-on-claim provision is necessary.

Employment Benefits and Support Measures (EBSMs)

During 2002/03 slightly fewer than 638,000 individuals took part in EBSMs funded through EI Part II, which is a slight increase over the previous reporting period. During the reference period there were 895,885 interventions, an increase of over 100,000 from 2001/02. This is a result of increased utilization of short-term support interventions such as counseling and job finding clubs that, during times of positive labour market conditions, are often the preferred option to facilitate re-entrance to the labour market.

Preliminary results of the summative evaluations for British Columbia and Quebec indicate that EBSMs are having varying impacts in different regions of the country. The summative evaluations are aimed at providing information on the impact of active measures in helping participants prepare for, find and keep jobs. With regards to the British Columbia summative evaluation, preliminary findings indicate positive employment and earnings impacts for active clients (in receipt of income benefits), but no evidence of such improvements for former EI clients (no longer in receipt of income benefits). Further, EBSMs had a limited impact on reducing government income assistance. With respect to the Quebec summative evaluation, preliminary findings indicate some positive impacts with regards to former clients on employment, earnings and provincial income assistance, but there is insufficient evidence to conclude positive impacts on employment and earnings for active EI clients. The summative evaluation for Newfoundland and Labrador is ongoing and it is too early to report on impacts. Given the preliminary nature of the results overall,

further analysis will be conducted as the summative evaluation reports are finalized.

Employers' Management of Their Work Force

Case studies and interviews with employers indicated that the key benefit of the Work Sharing program from the perspective of firms is that it allows them to retain their core work force during temporary slowdowns, thereby avoiding future hiring and retraining costs associated with employee turnover.

Findings from a survey of employers on the impact of enhanced parental benefits indicated that employers overall are very supportive of the expanded parental benefits and have not encountered any major difficulties when their employees take advantage of the enhanced leave. The only exception was small employers who had no experience with employees taking extended leave. Small employers who had experience with the longer leave provisions were supportive of the initiative.

Savings Attributable to EI Reform

Previous Monitoring and Assessment reports provided estimates of the incremental savings attributable to EI reform during each respective reporting period, as not all measures were mature. The 2003 report provides a detailed summary of the savings and reinvestment in active measures attributable to EI reform. It is estimated that a total of \$1.2 billion in savings were realized, of which \$800 million were reinvested into active measures to assist individuals in finding work. While savings from EI reform are lower than originally forecast, they are significant. The original savings forecast of \$2 billion was based on the expectation of much higher EI expenditures than were actually needed given the strength of the economy and lower unemployment rates in the years following EI reform. In relative terms, the \$1.2 billion in savings achieved represents about

10% of program expenditures, which is in line with the original estimate.

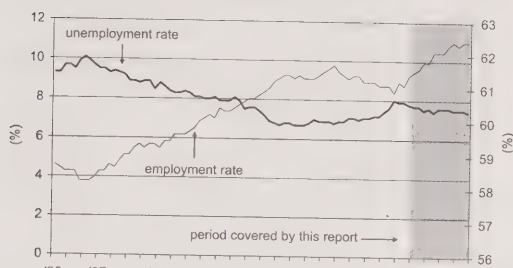
Program Administration – Service Delivery

In 2002/03 substantial progress was made towards modernizing the service delivery network. Clients now have an array of choices for the most common services. The content and navigation of the EI Internet site has been improved and the number of visitors has increased by over 200% in comparison to the previous year. With 17% of claims being submitted electronically and an overall satisfaction rating of 8.5 out of 10, the launch of EI Appli-Web, which allows claimants to apply for benefits via the Internet, has proven to be successful. In addition, over half of the kiosks in local offices have been transformed to Citizen Access Web Stations, allowing clients to access the Internet and on-line Government services. Enhancements were also made to the automated telephone reporting service contributing to an increase of 12 million bi-weekly reports completed by telephone, resulting in faster payments to claimants.

Over the past three years a number of quality management initiatives have been implemented to improve the accuracy of benefit payments as well as service to clients. As of March 2003, the accuracy of EI benefits has improved to 95.5%, representing a significant improvement from 93.5% in March 2001. Findings from a 2001 client satisfaction survey are also positive, with 77% of clients being satisfied or very satisfied with the overall quality of service they received.

This chapter outlines key labour market developments and provides the economic context in which the Employment Insurance (EI) reform of 1996 and subsequent changes to the EI Act can be assessed for fiscal year 2002/03. Unless otherwise stated, the data used in this chapter are drawn from Statistics Canada's Labour Force Survey (LFS).¹ More detailed information on the various elements discussed in this chapter can be found in Annex 1.

Chart 1: Economic Context since EI Reform



Source: Labour Force Survey

1. Overview

During this reporting period Canada's economy and labour market recovered from the slowdown experienced in 2001/02.² Canada's Gross Domestic Product (GDP) growth for 2002/03 was 3.3%, nearly double the average of 1.8% for all Organisation for Economic Cooperation and Development (OECD) countries in 2002.³ Job gains were relatively

large and widespread, with employment growing by 416,100 jobs or 2.8% over the previous reporting period. Employment growth was balanced between the goods- and services-producing sectors at 2.9% and 2.7%, respectively. Despite this relatively high level of employment growth, the unemployment rate remained relatively stable at 7.6%. This is because the number of people seeking employment grew by 2.9%, 0.1 percentage points higher than employment growth, during the reporting period.

2. Employment

Overall, employment growth was positive throughout 2002/03. Growth in part-time employment (5.9%) was significantly larger than full-time employment (2.0%). Of the 416,100 new jobs created during the reporting period, nearly 40% were in part-time employment. As a result, the proportion of the employed population working part time increased to 18.8%, the highest proportion since 1998/99. Chart 2 illustrates that part-time employment began to decline in 1999/00 just prior to the economic slowdown of 2000/01 and remained at a lower level during a period of slower growth, and then increased again in 2002/03 with stronger economic growth.

Part-time employment gains were highest for older workers (17.0%) and youth (5.3%).⁴ From a sectoral perspective, part-time employment

¹ The Labour Force Survey (LFS) is a household survey carried out monthly by Statistics Canada. Since its inception in 1945, the objectives of the LFS have been to divide the working-age population into three mutually exclusive classifications—employed, unemployed, and not in the labour force—and to provide descriptive and explanatory data on each of these categories. Data from the survey provide information on major labour market trends such as shifts in employment across industrial sectors, hours worked, labour force participation and unemployment rates. The LFS is a survey of a sample of individuals who are representative of the civilian, non-institutionalized population, 15 years of age or older in Canada's 10 provinces. Specifically excluded from the survey's coverage are residents of the Yukon, Northwest Territories and Nunavut, persons living on Indian reserves, full-time members of the Canadian Armed Forces and inmates of institutions. Together, these groups represent an exclusion of approximately 2% of the population aged 15 and over. The sample size has been approximately 54,000 households since July 1995.

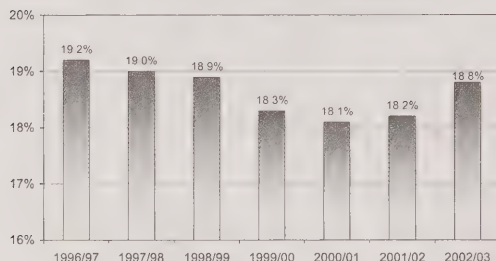
² Unless otherwise indicated, the reporting period analyzed in this report is the fiscal year beginning April 1, 2002 to March 31, 2003. Job growth and unemployment measures are calculated using annual averages of seasonally adjusted data, unless otherwise indicated.

³ Canadian GDP growth was 1.8% in 2001/02, 4.6% in 2000/01, 5.8% in 1999/00, 4.1% in 1998/99 and 4.5% in 1997/98. Note that international GDP figures are annual, not fiscal. Source: OECD (2003), Main Economic Indicators.

⁴ Older workers are defined as individuals 55 years and over. Youth refers to individuals less than 25 years of age.

increased by 6.3% in the services sector and 3.0% in the goods-producing sector. Higher growth in the service sector is consistent with the fact that part-time employment is more predominant within that sector.⁵

Chart 2: Part-time Employment as a Percentage of All Jobs

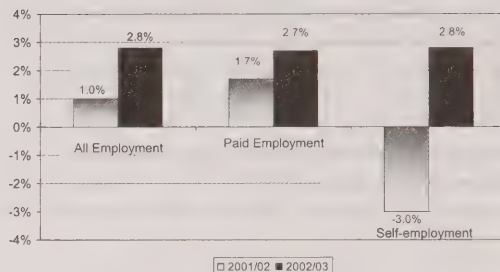


Source: Labour Force Survey

Part-time employment increased slightly more for men (6.2%) than for women (5.8%) during the reporting period. The highest growth rate in part-time employment occurred among the self-employed (12.0%). As a result, the proportion of the self-employed that work part time increased from 20% in the previous reporting period to 22%.

Employment growth in 2002/03 was approximately the same across paid and self-employment with paid employment increasing by 2.7% and self-employment growing by 2.8% (refer to Chart 3). This is the first time that self-employment growth has kept pace with growth in paid employment since 1997/98. This also marks the first time over the past four reporting periods that the proportion of self-employed in the labour force (15.2%) has not declined. This is significant because paid employment is insured under EI and self-employment is generally not covered under the program.

Chart 3: Employment Growth by Type



Source: Labour Force Survey

In comparison to the previous reporting period, the average hours worked in a week decreased by 1.5% from 33.4 to 32.9. Despite this decline, the total number of hours worked during the reporting period increased by 0.4% or 111 million hours. As a result, the increase in hours worked can be traced to the creation of new jobs. Total hours worked by full-time employees increased by 0.2%, while total hours worked by part-time employees increased by 2.2%. It is also noteworthy that the average hours worked by full-time employees decreased by 1.9% from 37.5 to 36.8, while it decreased by 0.6% from 15.9 to 15.8 for part-time employees. This is significant because the entrance requirements for EI are based on hours.

Another important aspect of the labour market is the extent to which some workers and their dependants have low incomes. In 2001, there were about 460,000 low-income workers⁶ in Canada of which 184,000 were unattached individuals and 230,000 were heads of a family.⁷ When including dependants, 964,000 individuals were living in a family headed by a low-income worker of which about one-third were children under the age of 18. In 2001, 10.8% of unattached workers and 4.0% of

⁵ Note that due to data limitations, some of the data in this paragraph have not been seasonally adjusted.

⁶ Low-income workers are individuals aged 18 to 64 who have worked for pay a minimum of 910 hours in the current year and who are not full-time students (workers), and whose family income falls under Statistics Canada's Low Income Cut-Off - Income After Tax (low income). All results are based on the main file of Statistics Canada's Survey of Low Income Dynamics (SLID). More detailed information on the SLID can be found in Annex 5.

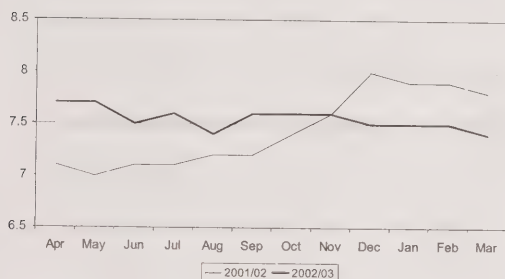
⁷ The head of an economic family is the individual working the highest number of hours in the family.

family heads were low-income workers. The majority of these low-income workers were employed full time and full year.⁸ Moreover, although they worked, on average, the same number of hours as their non-low-income counterparts, low-income workers earned wages that were 38% lower, in the case of unattached individuals, and 42% lower, in the case of heads of families, than non-low-income workers. This is significant because EI includes the Family Supplement, which enhances support to low-income claimants with children.

3. Unemployment

During 2002/03, about 1.3 million Canadians were unemployed (refer to Annex 1.4). Unemployment was highest during the first quarter of the fiscal year and then steadily declined over the remainder of the reporting period (refer to Chart 4).

Chart 4: National Unemployment rate (%)



Source: Labour Force Survey

In 2002/03, unemployment rates increased slightly over the previous reporting period for prime-aged women⁹ (from 6.1% to 6.3%), youth (13.2% to 13.5%), and seniors (5.7% to 5.8%). The unemployment rate for prime-aged men remained unchanged at 6.6%.

While unemployment rates were up or stable for all groups, the unemployment rate of every age and gender category during the current reporting period was below the average of all previous monitoring and assessment reporting periods.¹⁰

Although the unemployment rate for older workers increased slightly from 5.7% to 5.8% over 2001/02, it remained well below the national average of 7.6%. In contrast, the youth unemployment rate rose from 13.2% to 13.5%. This is the second consecutive increase for youth, reversing the trend of the late nineties when youth unemployment was declining. Youth are often affected by economic slowdowns as they have less tenure and experience in the workplace.

The proportion of long-term unemployment rose from 4.9% of all unemployed people in 2001/02 to 5.2% in 2002/03.¹¹ However, the level of long-term unemployment in Canada has declined considerably since 1994/95, when it peaked at 14.9% of the unemployed labour force. Canada's proportion of long-term unemployment remains among the lowest for G7 nations, ranking second only to the U.S. It should also be noted that the proportion of unemployed who do not have any recent work experience has grown significantly since the beginning of the 1990s.¹² The proportion of unemployed who have not worked in the past 12 months increased from 18.9% in 1990/91 to 31.1% in 2002/03. This is significant because EI is designed to provide temporary income replacement for people with recent work experience.

⁸ As per the SLID, full time means working 30 hours or more per week and full year means working 49 weeks or more per year.

⁹ Prime-aged refers to those aged 25 to 54 years.

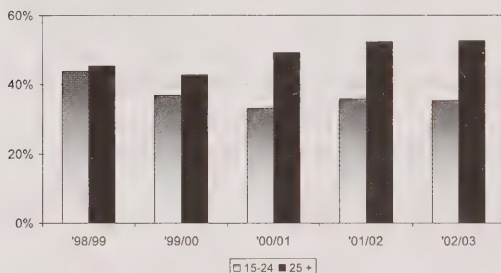
¹⁰ The 1996/97-2002/03 average unemployment rate is 6.7% for prime-aged women, 7.0% for prime-aged men, 14.2% for youth and 6.0% for older workers.

¹¹ Long-term unemployment is defined as lasting more than one year and requires that an individual look for work continuously throughout the year.

¹² The unemployed with no recent employment includes the long-term unemployed, but also includes new-entrants into the labour market and those who have not worked in the previous 12 months but have not looked for work continuously in those 12 months (i.e., they are not considered to be long-term unemployed).

A Statistics Canada report highlighted the dynamics of the Canadian economy by examining the number of hirings and separations in 1998 and 1999.¹³ It found that, on average, 707,000 people per month moved into and/or out of a job, representing approximately 5% of the labour force in Canada. The largest turnover rates in the labour force occurred in Atlantic Canada, reflecting the contingent nature of work in these provinces. Findings from the report indicated that youth were twice as likely to quit their jobs as opposed to being laid-off, while prime-aged workers were more likely to experience a layoff than quit.

Chart 5: Individuals Who Lost Their Job Involuntarily by Age



Source: Derived from Labour Force Survey data

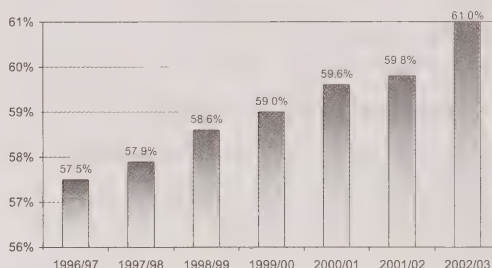
The reasons why individuals became unemployed during the reporting period are also important, as EI is intended to provide temporary income support for involuntary job loss. The proportion of individuals who lost their job involuntarily was 47.6%, the same as the previous reporting period. As indicated in Chart 5, this share has increased among workers older than 25 and decreased among youth, who often voluntarily leave jobs to attend school. Only 21.3% of all individuals

(15 and over) who became unemployed in 2002/03 did so voluntarily.¹⁴

4. Demographic Groups

The participation rate of women in the labour force continued its upward trend, increasing from 59.8% to 61.0%, while the participation rate for men increased from 72.6% to 73.5%. These increases are the largest in the past 21 years.

Chart 6: Participation Rates for Women



Source: Labour Force Survey

Employment growth for women overall was 3.1%. In contrast to previous reporting periods when employment growth for women was concentrated in the services-producing sector, women had similar rates of growth in both the goods and services sectors, at 3.1% and 3.0%, respectively. Women's employment growth in the goods-producing sector was strong in agriculture (6.5%) and manufacturing (4.8%) but declined or remained relatively stable in the other major goods-producing industries. Employment growth for women in the services-producing sector was highest in educational services (5.7%) and health care and social assistance (5.6%). It is noteworthy that women are more likely to work part time than men,

¹³ *Labour Force Update – New Hirings and Permanent Separations*, Statistics Canada, October 2000, Catalogue no. 71-005-XPB.

¹⁴ Voluntary separations are defined differently for EI and for Labour Force Survey purposes. For example, someone who leaves a job to move with their spouse would be considered voluntarily unemployed for LFS purposes. Under EI, they would be subject to the just-cause provisions. Section 29 of the EI Act identifies 13 specific circumstances that constitute just cause for voluntarily leaving employment. Just cause for voluntarily leaving employment is not limited to only the situations currently defined in the Act. Jurisprudence has historically shown there to be 40 main reasons deemed just cause for voluntarily leaving employment. It is important to note that, within the terms of the EI Act, just cause for voluntarily leaving employment exists where, having regard to all circumstances, the claimant had no reasonable alternative to leaving employment.

representing approximately 69% of part-time workers, although their proportion of the labour force is about 46%.

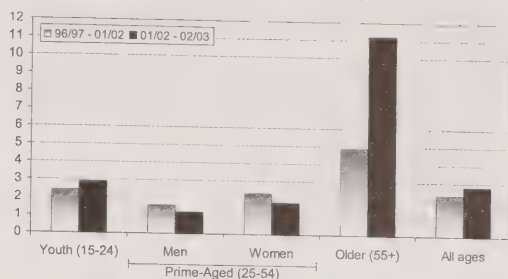
Overall employment growth for men was 2.5%. In the goods sector where men are more highly represented, employment growth was 2.8% and in the services sector, growth was 2.3%. The highest growth in the goods sector was in the utilities (10.6%) and construction (5.8%) industries, whereas business, building and other support services (7.5%) and educational services (7.2%) experienced the highest growth in men's employment within the service industries.

Youth employment grew by 2.9% in 2002/03, well above the 0.6% growth in the previous reporting period, as well as the average growth since EI reform in 1996/97 (2.5%). Employment growth for youth was higher in the services sector (3.1%) than the goods-producing sector (1.8%), consistent with historical trends in youth employment. The highest employment growth for youth in the services sector occurred in educational services (16.8%), finance, insurance, real estate and leasing (10.0%) and trade (4.0%).¹⁵ Youth employment also grew in the information, culture and recreation industry despite an overall decline in employment in the industry. Employment growth for youth in the goods-producing industries was highest in construction (8.8%) and agriculture (5.0%).

Employment growth for older workers grew by 11.2%, more than double the growth in 2001/02 (5.2%). Growth in the population of individuals aged 55 and over and an increasing participation rate among this group, combined with greater job availability as the economy expanded, contributed to the large increase (refer to Chart 7). There was also a significant increase in part-time work and self-employment

by older workers indicating a return to the work force of older workers who may have retired.

Chart 7: Employment Growth by Gender and Age
(average annual %)



Source: Derived from Statistics Canada data

In general, it is important to note that older workers often experience greater difficulty than other age groups in re-entering the work force after losing their job. The proportion of long-term unemployment among older workers is about double that of prime-aged workers. A recent report indicates that limited job search skills, often outdated workplace skills in relation to the requirements of the new economy, limited mobility, high wage expectations, and the reluctance of many employers to consider older workers help to explain the longer periods of unemployment experienced by older workers.¹⁶

5. Sectoral Labour Markets

Every major services-producing industry experienced employment gains over the reporting period except for information, culture and recreation (-1.3%). This is in contrast to the last reporting period, when the information, culture and recreation industry experienced the highest growth of industries in the services sector (+4.0%). Industries in the services-producing sector that performed particularly well in 2002/03 included business,

¹⁵ Note that the actual number of youth employed in educational services and finance, insurance, real estate and leasing are significantly lower than the number of youth employed in trade.

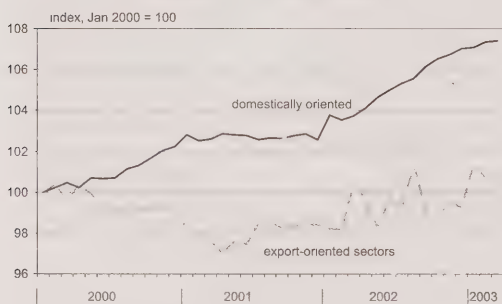
¹⁶ Forum of Labour Market Ministers report entitled *Older Workers in the Labour Market: Employment Challenges, Programs and Policy Implications* and dated July 2002.

building and other support services (6.3%), educational services (6.2%) health care and social assistance (5.4%) and finance, insurance, real estate and leasing (3.7%).

In the goods-producing sector there was strong growth in all industries with the exception of forestry, fishing, mining and oil and gas (-6.6%). The largest increases were in agriculture (5.7%), utilities (5.7%) and construction (5.3%).

Manufacturing growth was 2.8% over the reporting period. Within manufacturing, wood products (10.1%), beverage and tobacco products (9.8%) and transportation equipment manufacturing (7.2%) experienced significant gains. The greatest declines in employment occurred in clothing, leather and allied manufacturing (-14.2%) and electrical equipment, appliance and component manufacturing (-3.6%). Computer and electronic product manufacturing continued to experience a decrease in employment (-2.0%), but nonetheless performed stronger than in 2001/02 when growth declined by 13.0%.

Chart 8: Employment in Canada by Market Orientation



Source: Statistics Canada data, seasonally adjusted by HRSD

In general, Canada's export-oriented industries faced a greater degree of instability, largely due to market conditions in the United States (refer to Chart 8). At the same time, employment in industries oriented towards the

Canadian market had steady growth throughout the reporting period.

6. Provincial Labour Markets

Of the 416,100 new jobs created during the reporting period, the majority (277,200) was generated in Quebec and Ontario. New Brunswick and the western provinces also performed well and, for the first time since 1999/00, no province experienced a net job loss.

As indicated in Table 1, Quebec led all provinces with 3.6% employment growth, the province's strongest gain since 1986/87. Within the Quebec labour market, employment increased by 4.0% in the goods sector and 3.5% in the services-producing sector. All major goods-producing industries in Quebec showed significant growth with the exception of manufacturing (1.1%). The construction industry showed particularly strong growth (17.2%). Among the services-producing industries, educational services (10.9%) and business, building and other support services (9.0%) showed the most significant growth, while transportation and warehousing (-6.8%) and information, culture and recreation (-2.4%) experienced the greatest declines in employment.

New Brunswick and Saskatchewan also had employment growth of 2.9% or greater in 2002/03. New Brunswick's growth of 3.2% occurred entirely in the services sector as employment in the goods sector remained relatively stable. With the exception of educational services (-5.3%), public administration (-2.8%) and wholesale and retail trade (-1.1%), every services-producing industry in New Brunswick realized employment gains.

Table 1
Jobs Created and Employment Growth by Province

	Jobs Created ('000s)	Employment Growth
Newfoundland & Labrador	2.7	1.3%
Prince Edward Island	1.6	2.4%
Nova Scotia	6.5	1.5%
New Brunswick	10.9	3.2%
Quebec	127.1	3.6%
Ontario	150.1	2.5%
Manitoba	7.8	1.4%
Saskatchewan	13.8	2.9%
Alberta	44.7	2.7%
British Columbia	51.1	2.6%
Canada	416.1	2.8%

Employment growth in Saskatchewan (+2.9%) can also be traced to the services sector, which grew by 4.3%, while employment in Saskatchewan's goods-producing sector decreased slightly (-0.7%). Within the goods-producing sector, the most significant growth was in utilities (16.2%) while the greatest loss in employment was in the forestry, fishing, mining, oil and gas industry (-5.8%). Within the services-producing sector, educational services (12.0%) and information, culture and recreation (10.1%) experienced the highest growth, while public administration (-6.7%) and transportation and warehousing (-6.3%) had the highest employment losses.

Unemployment rates fell in six provinces and increased in four during 2002/03 (refer to Annex 1.4). The most significant increases in the unemployment rate occurred in Alberta (4.6% to 5.4%) and Newfoundland and Labrador (16.4% to 17.0%). Ontario's unemployment rate increased for the second straight reporting period (from 6.6% to 7.0%) due to the slowdown in export-oriented manufacturing, while British Columbia's unemployment rate increase (from 8.1% to 8.3%) was attributed to

the slowdown in professional, scientific and technical services (-4.5%), accommodation and food services (-2.3%), public administration (2.1%) and the forestry, fishing, mining, oil and gas industry (-1.2%).

Economic Regions

The 2001 Census indicates that 79.4% of Canadians lived in an urban area with a population of 10,000 people or more, compared with 78.5% in 1996. The Census also indicates that from 1996 to 2001, the nation's population continued to concentrate further in four broad urban regions: the extended Golden Horseshoe in Southern Ontario; Montréal and its adjacent region; the Lower Mainland of British Columbia and Southern Vancouver Island; and the Calgary-Edmonton corridor. Between 1996 and 2001, these four regions combined grew by 7.6% compared with far lower or no growth (+0.5%) in the rest of the country.

The EI program divides the country into areas of similar labour market conditions, such as census metropolitan areas (e.g., Québec City, Halifax and Toronto) or areas with comparable labour market characteristics for the purpose of determining representative unemployment rates. Under the *Employment Insurance Regulations*, the boundaries of the EI regions must be reviewed at least every five years. The last revision of the economic regions was completed in 2000.

The majority of EI economic regions (39 of 58) experienced a decrease in the unemployment rate from the beginning to the end of 2002/03 (refer to Annex 1.1).¹⁷ This is significant because the EI program is designed to be responsive to changing economic realities by adjusting EI eligibility and entitlement according to regional unemployment rates. The responsiveness of the EI program to the

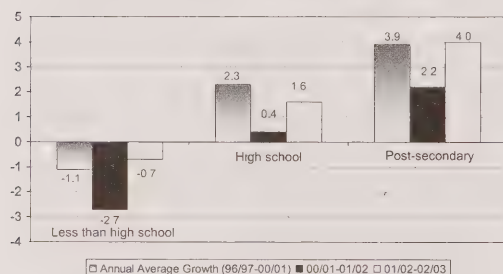
¹⁷ The unemployment rate for Yukon, Northwest Territories and Nunavut is set at 25% for EI purposes since the territories are not included in the Labour Force Survey.

regional fluctuations in the unemployment rates is examined in Chapter 5. It is noteworthy that of the 15 economic regions that experienced increases in their unemployment rates, 10 were urban centres. The largest increases in unemployment rates were in Abbotsford (+2.0 percentage points), St. John's (+1.8 percentage points), and Québec City (+1.0 percentage point). The largest decreases in unemployment rates were more widely spread across rural communities: Bas-Saint-Laurent—Côte-Nord, Gaspésie—Îles-de-la-Madeleine, Madawaska-Charlotte, Montérégie, Central Quebec, Eastern Nova Scotia, Northern Saskatchewan, and Huron.

7. Education

Workers with a post-secondary education experienced particularly strong job growth in 2002/03 (4.0%). In contrast, employment declined by 0.7% for those with less than high school and increased by 1.6% for those who completed high school (refer to Chart 9). Employment growth for those with a post-secondary education has been consistently stronger and more stable in recent years than for those with lower educational attainment (for further information refer to Annex 1.6).

Chart 9: Employment Growth for Those Older than 15 by Educational Attainment (%)



Source: Derived from Statistics Canada data

It should be noted that while the labour market is, to some extent, characterized by highly educated knowledge workers whose skills are in demand, not all workers are in a position to capture the benefits of a strong economy.¹⁸ In this context, research has pointed to the importance of strengthening literacy and essential skills. For example, the 1994 *International Adult Literacy Survey* found that 42% of working-age Canadians—eight million adults—do not have the literacy skills necessary to cope in today's knowledge-based economy. The results also show that unemployed workers are three times more likely to be at the lowest levels of literacy than those who have stable employment.

¹⁸ Ron Saunders, *Defining Vulnerability in the Labour Market*, Canadian Policy Research Network, November 2003. The paper provides insight into critical issues and establishes a foundation on which future research should be pursued.

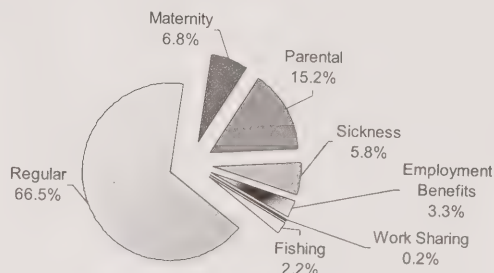
This chapter provides an overview of Part I Employment Insurance (EI) benefits. The first section, *Employment Insurance Clients*, outlines changes to claims and benefits in 2002/03¹, as well as a brief account of the utilization of EI from an employer perspective. *Assisting Canadians in Facing the Risk of Unemployment*, the second section, examines income support provided through EI to individuals who lose their jobs. The third section, *Supporting Working Canadians and their Families*, examines the role that EI plays in assisting Canadians to balance work commitments with family responsibilities and personal illness.

The analysis in this chapter uses EI Administrative data and is based on a 10% sample of claims as of August 2003.² Throughout the chapter, data for 2002/03 is compared to 2001/02 data. Trends since 1995/96 are also discussed. More detailed information on the various elements discussed in this chapter can be found in Annex 2.

2001/02, in large part as a result of the economic fallout from September 11th.

Overall, about two-thirds of all EI income benefits paid were regular, about 28% were special benefits and the remaining 6% were related to employment benefits, fishing and Work Sharing (refer to Chart 1). The proportion of all regular and fishing claims accounted for by frequent claimants increased slightly to 35.7%.³

**Chart 1: Total Income Benefits
2002/03
\$12.3 billion**



I. EMPLOYMENT INSURANCE CLIENTS

In 2002/03, the number of EI claims decreased slightly (-3.2%) to 1.87 million, consistent with the economic recovery as discussed in Chapter 1. Total benefits paid increased by 6.9% to \$12.3 billion and average weekly benefits increased to \$308, up from \$304 in 2001/02.

Following EI reform in 1996/97, total EI benefits paid declined annually until 2000/01. The decline was attributable to EI reform and strong growth in the economy and labour market. However, over 2001/02 and 2002/03, total EI benefits paid increased due to a temporary slowdown in the economy in

The provincial distribution of new EI claims for the reporting period shown in Table 1 indicates that nearly 60% of all EI claims were established in Ontario and Quebec. The table also highlights that average weekly benefits varied by province, from a low of \$287 in Nova Scotia to a high of \$368 in the Northwest Territories, reflecting variations in insurable earnings.

From a sectoral perspective, about 60% of new claims were established in the services-producing sector and 39.6% were initiated in the goods-producing sector. Within the goods sector, 31.3% of new claims were established by workers in the manufacturing and construction industries.

¹ Claims refer to new claims established in 2002/03. Some benefits paid in 2002/03, however, are associated with claims established in the previous fiscal year that were not completed.

² Due to the relatively small number of fishing claims, 100% of fishing claims established during fiscal year 2002/03 are used to ensure reliability.

³ Frequent claimants are defined as claimants who have made three or more regular and/or fishing claims in the five years prior to their current claim.

Table 1
EI Claims and Average Weekly Benefit
by Province (2002/03)

Province/Territory	% of all EI Claims	Average Weekly Benefit
Newfoundland & Labrador	5.1%	\$298
Prince Edward Island	1.4%	\$292
Nova Scotia	4.8%	\$287
New Brunswick	4.9%	\$289
Quebec	31.1%	\$299
Ontario	28.0%	\$322
Manitoba	3.1%	\$292
Saskatchewan	2.4%	\$300
Alberta	7.5%	\$325
British Columbia	11.4%	\$317
Nunavut	0.1%	\$334
Northwest Territories	0.1%	\$368
Yukon	0.2%	\$350
Canada	100%	\$308

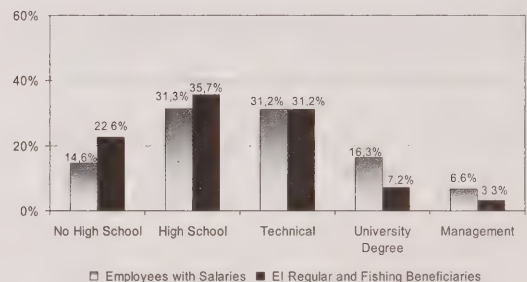
EI claims by women remained relatively stable at about 46% of total claims. The number of claims fell for both women and men in 2002/03 by 2.7% and 3.6%, respectively. Benefits paid, however, increased by 13.7% for women and by 1.6% for men. The significant rise in benefits paid to women can be traced to increases in both regular (6.1%) and special (23.1%) benefits paid. Although parental benefits paid to men increased by 47.3%, this did not have the same impact on the amount of benefits paid as the majority of parental claims continue to be established by women.

Youth claims decreased by 5.7% in 2002/03 while the number of claims by older workers grew by 3.9%.⁴ The increase in claims by older workers is consistent with the increase in the unemployment and participation rates for this group as outlined in Chapter 1. Youth experienced an increase in the unemployment rate and a decrease in EI claims.

In 2002/03, a total of 182,890 clients from low-income families received higher weekly benefits as a result of the Family Supplement.⁵ The number of EI claims with the Family Supplement decreased by 2.4% relative to 2001/02, although total benefits increased by 3.8% to \$182.5 million in 2002/03. The reasons for the decline in the number of claims eligible for the Family Supplement will be discussed in Chapter 5. The average weekly top-up remained stable at \$42.

The importance of education and the increased demand for high-skilled workers were noted in Chapter 1. Findings indicate that EI regular and fishing clients with less formal education are more likely to receive EI benefits as compared to workers with a university degree and those in high-skilled managerial positions (refer to Chart 2).

Chart 2: Distribution of All Employees with Salaries and EI Beneficiaries, by Education (2002/03)



Employers

Just over 1 million firms contributed approximately \$11.4 billion in EI premiums in 2000.⁶ Firms with 500 employees⁷ or more represented less than 1% of all businesses but

⁴ Youth are defined as workers under the age of 25 and older workers refer to those 55 years of age and older.

⁵ Refer to Annex 1 of the 2000 Monitoring and Assessment Report for detailed information on the Family Supplement provision.

⁶ As premiums payment is administered through the tax system, the most recent data available is for the 2000 taxation year.

⁷ The number of employees is obtained by dividing the total payroll observed on T4 slips from each firm by the appropriate estimate of average annual earnings from Survey of Employment, Payrolls and Hours (SEPH) from Statistics Canada. This measure is referred to as "average labour unit." It represents the average number of persons employed by a firm over the course of the year, with no distinction being made between part-time and full-time employees.

accounted for 46.1% of all employees. These large firms contributed 50.7% (\$5.8 billion) of all employer EI premiums in 2000. In contrast, firms with 1 to 4 employees, representing 8.1% of all employees, paid 6.2% of all employers' premiums. Annex 2.15 provides detailed information on EI premiums paid by employers and employees.

The provincial shares of employers' premiums were consistent with provincial shares of employees in total employment. For example, employers in Ontario contributed 41.1% of all premiums on behalf of 5.2 million employees or 39.3% of the Canadian work force. Employers in Quebec, with close to 3 million employees or 22.7% of the Canadian work force, paid 23.1% of all employers' premiums.

Annex 2.15 also indicates that manufacturing firms, which represent 16.7% of all employees, contributed 19.4% (\$2.2 billion) of all employers' premiums. In contrast, retail trade, representing 12.2% of all employees, paid 8.1% (\$900 million) of all employers' premiums due to lower wage rates and a higher proportion of part-time workers. It is noted in Chapter 5 that employees in manufacturing are much more likely to collect EI benefits than those in retail.

II. ASSISTING CANADIANS IN FACING THE RISK OF UNEMPLOYMENT

A key objective of EI is to provide temporary income support to insured Canadians who involuntarily lose their jobs. The EI program is specifically designed to be responsive to changes in local labour markets by adjusting entrance requirements and the duration of regular benefits when regional unemployment rates change in any of the 58 designated EI economic regions (refer to Annex 1.1).

1. Regular Benefits

In 2002/03, the number of new regular EI claims decreased by 3.5% to 1.428 million. The decline reflects the economic recovery reported in Chapter 1. Benefits paid to regular beneficiaries increased by 2.5%, from \$8.0 billion to \$8.2 billion. The rise in benefits paid was attributable to several factors: a slight increase in the average weekly benefit (+1.5%) from \$305 to \$309; an increase in average weeks paid; and the fact that a portion of benefits paid in 2002/03 were associated with the increase in claims in the previous reporting period.

Regional changes in new claims reflected the economic realities outlined in Chapter 1. New claims decreased significantly in Nunavut (-21.3%), British Columbia (-7.1%) and Ontario (-5.8%), with more modest decreases in Manitoba (-4.3%), Quebec (-4.1%), Prince Edward Island (-3.8%) and New Brunswick (-3.8%). Claims remained relatively stable in Nova Scotia (0.2%) and Saskatchewan (0.1%) in 2002/03. New claims increased significantly in the Yukon (23.3%), the Northwest Territories (17.1%) and Alberta (6.5%), with a more modest increase in Newfoundland and Labrador (3.0%).

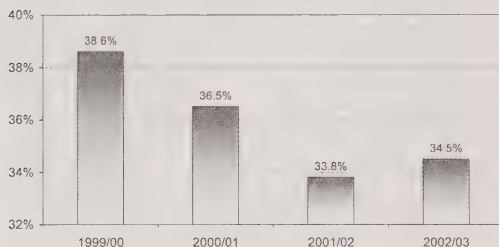
Claims in the goods-producing sector declined by 5.8% and claims in the services-producing sector fell by 1.9% in 2002/03. Within the goods sector, claims in manufacturing industries decreased by 12.3%, following an increase of 7.1% in the previous reporting period. Service industries that experienced large decreases were wholesale trade (-10.1%), transportation and storage (-8.4%) and business services (-6.7%).

Regular claims decreased for both women (-2.7%) and men (-4.1%) in 2002/03. The larger decrease in men's claims reflects the slightly stronger growth in the goods-producing sector where men are more highly represented

(more than three-quarters of workers in the goods-producing sector are male) and the stable unemployment rate for men.

The average number of insurable hours worked by individuals who accessed regular benefits remained relatively stable (+0.8%) in 2001/02⁸ but has increased each year since EI reform (from 1,220 in 1995/96 to 1,370 in 2001/02).

Chart 3: Frequent Claims as a Percentage of Regular Claims



The proportion of regular claimants frequently accessing the program increased during the reporting period from 33.8% to 34.5% (refer to Chart 3). In previous reports we noted that the volume of frequent claims is less likely to be influenced by fluctuations in economic cycles. Evidence in this report supports this notion as frequent claims declined slightly (-1.5%) in 2002/03, while first-time and occasional claimants decreased much more significantly by 6.7% and 2.3%, respectively. As mentioned in previous reports, men continued to file two-thirds of all frequent claims. Regionally, the largest increases in the number of frequent claims occurred in Alberta (+5.9%), Saskatchewan (+4.5%) and Newfoundland and Labrador (+4.4%). The largest declines in frequent claims were in British Columbia (-5.8%), Quebec (-3.0%) and Ontario (-1.8%).

About 81% of all frequent regular claimants had a "seasonal" pattern of making claims.⁹ Seasonal frequent claims remained stable (+0.8%) in 2002/03 while that of non-seasonal frequent claims declined significantly (-10.1%), consistent with the economic recovery. An analysis of seasonal patterns of making claims irrespective of the claimants' frequency of claiming benefits indicates that there is a significant degree of variation across the country. As indicated in Table 2, a greater proportion of EI regular beneficiaries make seasonal claims in provinces where seasonal industries play a predominant role in their economies. Seasonal claims varied from a low of 14.9% in Nunavut to a high of 56.9% in Prince Edward Island. In contrast, seasonal claims in Alberta and Ontario accounted for only 18.4% and 23.3% of all regular claims, respectively.

**Table 2
Seasonal Claims as a Percentage of Regular Claims by Province (2002/03)**

Province/Territory	Seasonal Claims as a %
Newfoundland & Labrador	53.8%
Prince Edward Island	56.9%
Nova Scotia	43.2%
New Brunswick	54.5%
Quebec	36.7%
Ontario	23.3%
Manitoba	31.5%
Saskatchewan	34.9%
Alberta	18.4%
British Columbia	25.7%
Nunavut	14.9%
Northwest Territories	29.2%
Yukon	32.7%
Canada	33.0%

⁸ Insured hours in 2001/02 were examined to reflect the fact that claims established in 2002/03 were based on insurable employment in the previous year.

⁹ Individuals who started previous claims at about the same time of the year as their current claim are considered seasonal claimants.

2. Work Sharing

Work Sharing is designed to help employers and workers avert temporary layoffs. The measure provides income support to workers eligible for EI benefits and who are willing to work a temporary reduced work week when there is a reduction in the normal level of business activity that is beyond the control of the employer.¹⁰ Work Sharing agreements must be approved by both employee and employer representatives and by the EI Commission and can range in duration from 6 to 26 weeks with an extension of up to a maximum of 38 weeks.

Work Sharing agreements benefit employers by allowing them to stabilize their work force, to retain skilled employees and to avoid the costly process of recruiting and training new employees when business returns to normal levels.

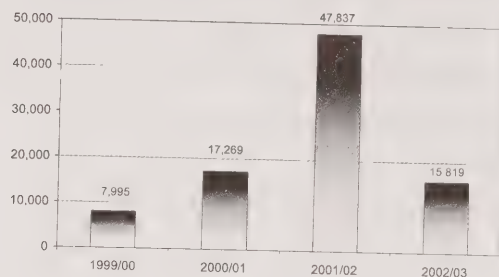
Employees benefit by retaining their jobs and receiving EI income benefits for the days without work. It should be noted that if a worker is laid off subsequent to Work Sharing, his/her entitlement to EI regular benefits is unaffected by the receipt of Work Sharing benefits.

A recent study confirmed that usage of Work Sharing has a stabilization effect.¹¹

EI Administrative data shows that use of Work Sharing decreased significantly in 2002/03, reflecting the economic recovery outlined in Chapter 1. Chart 4 indicates that there were 15,819 new Work Sharing claims in 2002/03 representing a significant decrease of 67% from the previous reporting period. In the previous reporting period, however, the program was used considerably due to the events of September 11th. In fact, the transportation industry, which signed the largest Work Sharing agreement to that date, made extensive use of the program during

2001/02. During this time period, the Work Sharing program was also inundated with applications from the travel, high-tech and auto-related industries as well as other industries affected by lagging consumer confidence. The Work Sharing program has proven itself to be particularly useful in supporting the labour market through times of unexpected labour market interruptions, such as September 11th.

Chart 4: New Work Sharing Claims



In 2002/03, the average Work Sharing claim lasted approximately 13.4 weeks compared to 18.8 weeks in 2001/02, and paid an average weekly benefit of \$55, slightly less than that in 2001/02 (\$56). Average work reduction was about 28%, or 1.5 work days per week for a full-time employee.

Administrative data on the Work Sharing program show that it is used extensively in the manufacturing sector and increasingly in the service sector. The vast majority of Work Sharing claims were in Ontario and Quebec, but all regions participated. In 2002/03 the Work Sharing program averted or postponed approximately 4,400 layoffs.

3. Fishing Benefits

Three federal organizations contribute either directly or indirectly in the regulations

¹⁰ Information on the Work Sharing program is available on the Human Resources and Skills Development Web site at http://www.hrsdc.gc.ca/en/epb/sid/cia/grants/ws/desc_ws.shtml

¹¹ Forthcoming study – *Usage of the Work Sharing Program: 1989/90 to 2002/03*, Audit and Evaluation Directorate, HRSD.

surrounding the participation of individuals in the commercial fishery or in EI fishing benefits: Fisheries and Oceans Canada, Human Resources and Skills Development, and the Canada Revenue Agency. Fisheries and Oceans Canada controls access to the fishery to ensure the sustainable development of aquatic resources by issuing fishing licenses. A fishing license entitles the license holder to harvest an amount of fish. Prior to receiving a license, an individual must meet specific eligibility criteria established by Fisheries and Oceans Canada. Fishing licenses for vessels less than 19.8 metres in length require the license holder to fish his or her license personally. For vessels over 19.8 metres in length, the license can be issued to either an individual or a corporation and allows for the employment of other individuals in harvesting the quota. Fisheries and Oceans Canada requires all individuals on board a fishing vessel to be registered; however, due to a federal-provincial agreement, registration is not enforced in Newfoundland and Labrador and Quebec. These two provinces have adopted legislation where independent professional boards have been granted the authority to certify fishers. Since the provincial information on the number of fishers certified by these professional boards is not shared with Fisheries and Oceans Canada, the number of individuals who earn income from the commercial fishery cannot be determined or managed with respect to Fisheries and Oceans Canada's sustainable development policy of reducing the number of individuals participating in the commercial fishery.

Not every individual who engages in harvesting fish in the commercial fishery is eligible for EI fishing benefits. EI fishing benefits are available for self-employed fishers only, as determined by the Canada Revenue Agency.

According to the Canada Revenue Agency, an individual is considered a self-employed fisher if he or she:

- a. participates in making a catch;
- b. is not fishing for his/her own or another person's sport; and
- c. meets at least one of the following conditions:
 - i. owns or leases the boat that is used to make the catch;
 - ii. owns or leases specialized fishing gear (not including hand tools or clothing) used to make the catch;
 - iii. holds a species license issued by Fisheries and Oceans Canada, which is necessary to make the catch; or
 - iv. has a right of ownership to all or part of the proceeds from the sale of the catch, and is responsible for all or part of the expenses incurred in making the catch.

Given these criteria, sharing in a small part of the cost of any expenses, such as fuel, will render an individual a self-employed fisher. As a self-employed fisher, such an individual will be able to access EI fishing benefits more easily than if deemed an employee and required to meet the entrance requirements for EI regular benefits.

Claims

Although fishing claims represent only 1.9% of all EI claims, they play an important role in supporting communities that depend on the fishing industry. The Canadian fishing industry is generally located in communities where there are limited employment opportunities.

In 2002, the primary fisheries production reached a record \$2.2 billion.¹² Revenues from the fishery have increased in recent years,

¹² The figure of \$2.2 billion reflects revenues from harvesting as these revenues are associated with self-employed fishers. There was an additional \$639.0 million in aquaculture; however, these revenues are associated with paid employees who are not covered under the fisher's EI program.

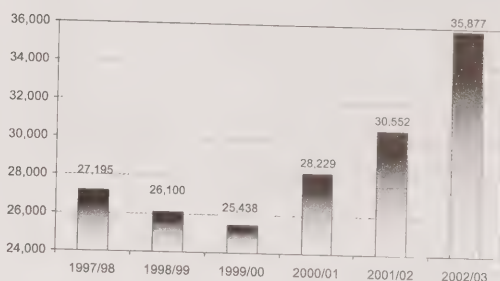
along with changes in the composition of the catch. Declining groundfish stocks in Atlantic Canada and salmon stocks on the Pacific coast over the past decade signalled important changes in Canada's fishing industry. Shellfish now constitute 85% of the value of the commercial fishing industry in Atlantic Canada, while in British Columbia all species groups contribute almost equally to the value of the Pacific fishery.

Data from Fisheries and Oceans Canada indicate that overall, the value of the catch has increased at a higher rate than the landings over the period 1996 to 2002. Total landings of commercial fisheries in 2002 totalled 1,100,516 tonnes, increasing by 14.5% from 1996. In the same six-year period, the value of the catch increased by 20% from \$1.8 billion in 1996 to \$2.2 billion in 2002.¹³ Data also indicate that between 1996 and 2002, the number of vessels in Canada's commercial fishing fleets decreased by 19.9%, which contributed to the increased average landing value within fleet sectors over the same period. In Atlantic Canada, for example, the average landing value of all vessels increased by 68% between 1996 and 2002. For smaller vessels under 35 feet, the increase was 66.8%, while large off-shore trawlers saw an increase of 42.5% during the same period.

In 2002/03, the number of fishing claims increased by 17.4%, or 5,325 claims to 35,877 over the previous reporting period. This represents the third consecutive year that fishing claims have risen significantly (refer to Chart 5). Claims increased in all major fish-producing provinces, with the most substantial increase in Newfoundland and Labrador (27.8%) and more moderate, yet still substantial increases in Nova Scotia (16.0%), New Brunswick (9.6%), Prince Edward Island

(9.4%) and British Columbia (7.8%). Fishing claims in Quebec increased slightly (2.3%). Claims by men increased by 16.9%, from 25,677 to 30,005, while claims by women increased by 20.5%, from 4,875 to 5,872.

Chart 5: New Fishing Claims



As discussed in the *2002 Monitoring and Assessment Report*, the legislative changes following EI Reform made it possible for fishers to establish two claims for benefits during the same year. HRSD has made efforts to advise fishers of the possibility of establishing two fishing claims a year. As a result, the number of multiple claims has been rising in recent years.

Results for 2002/03 show that 30.9% of fishing claimants had two claims during the reference period. The number of men establishing multiple claims was 7,604 in 2002/03, while 860 women had multiple claims over the same period. Provincially, in Quebec, Prince Edward Island, Newfoundland and Labrador and New Brunswick, about 40% of fishing claimants made two claims. British Columbia was the only major fish-producing province that did not follow this pattern with only 3.6% of fishers filing two claims.

Frequent claimants comprised 84.6% of fishing claims in 2002/03, up from 82.3% in 2001/02. Frequent claims increased by 20.8% in 2002/03, following a 15.5% increase in 2001/02. It should be noted that this represents the fourth consecutive reporting period that fishing claims

¹³ Please note that earnings are in constant 2002 dollars. For more data on the Canadian fishing industry, please refer to the Fisheries and Oceans Canada Web site at <http://www.dfo-mpo.gc.ca/index.htm>.

established by frequent claimants increased. Provincially, the most notable increase in frequent claimants occurred in Newfoundland and Labrador (33.8%), with marked increases in Nova Scotia (16.8%), New Brunswick (10.3%), British Columbia (9.7%) and Prince Edward Island (9.2%). A smaller increase was also recorded in Quebec (3.2%).

Benefits

Fishers received \$270.9 million in EI fishing benefits in 2002/03, an increase of 9.7% over 2001/02, reflecting the rise in the number of fishing claims. Total fishing benefits paid increased in all of the major fish-producing provinces. The most significant increases in fishing benefits paid occurred in Newfoundland and Labrador (13.7%) and Nova Scotia (12.4%).

In 2002/03, average weekly benefits for fishers in each major fish-producing province were stable at \$380. This is almost 25% higher than average weekly benefits of regular claimants (\$309), reflecting the fact that fishers generally earn their annual income over a relatively short period of time, which translates into higher weekly earnings.

Average duration on claim decreased from 22 weeks to 21 weeks per claim for all fishers in 2002/03. Among the major fish-producing provinces, average durations ranged between 20 and 23 weeks. In the case of multiple claimants, average duration was 18 weeks on each of the two claims, only 3 weeks below the overall per claim average. This translates into an average of 36 weeks of benefits per year for multiple claimants.

III. SUPPORTING WORKING CANADIANS AND THEIR FAMILIES

1. Overview

The EI program has evolved to recognize employment risks, other than involuntary job loss, such as those associated with childbirth and adoption, parenting, illness, and most recently, the terminal illness of an immediate family member. These circumstances are discussed in this section.

The EI program currently provides three types of special benefits designed to support workers when they experience an interruption of earnings due to illness, childbirth or parenting. Sickness benefits are payable to claimants who are unable to work due to illness or injury to a maximum of 15 weeks. Maternity benefits are payable to biological mothers for work missed as a result of pregnancy and childbirth to a maximum of 15 weeks. Parental benefits are payable to biological and adoptive parents who experience a separation from work to care for a newly born or adopted child to a maximum of 35 weeks. Commencing January 2004, six weeks of EI compassionate care benefits are payable to workers who take a temporary leave from work to provide care or support to a gravely ill or dying child, parent or spouse.

As indicated in the previous two reports, changes were made to enhance the duration, flexibility and accessibility of parental benefits effective December 31, 2000.¹⁴ This report represents the second full reporting period for which enhanced parental benefits were available. It is also important to note that Bill C-49, introduced on March 27, 2002, changed both the period for claiming special benefits and the maximum number of

¹⁴ Duration of parental benefits was increased from 10 to 35 weeks. Accessibility was also improved by reducing the entrance requirement for all special benefits from 700 to 600 hours of insurable employment. Finally, flexibility was improved by allowing parents sharing benefits to serve only one two-week waiting period; and by allowing parents to earn the greater of \$50 or 25% of their weekly parental benefits without losing benefit dollar for dollar.

combined weeks of special benefits from 50 to 65 weeks under certain circumstances.¹⁵

In 2002/03, there were 477,050 new special benefit claims, an increase of 2.4% from 2001/02. Similar to previous reporting periods, women continued to account for almost three-quarters (71%) of all special benefits claims.

Total special benefits payments increased by \$617.3 million or 22.0% to \$3.4 billion in 2002/03, reflecting the maturation of changes made to parental benefits in 2000. As a result of the increase in parental entitlement (35 weeks), special benefits paid as a proportion of total income benefits increased to 27.8% from 24.4% in 2001/02 and 13.6% prior to EI reform (1995/96). The average weekly benefits for all special benefit claims increased by 2.4% to \$294.

2. Maternity Benefits

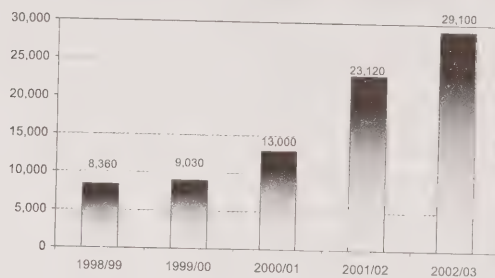
Claims for maternity benefits decreased slightly (-1.2%) from 193,020 to 190,720 in 2002/03. Total benefit payments remained stable (-0.7%) as the average weekly benefit rate (\$301) for maternity claims increased by 2.2% over 2001/02. The average number of weeks for which maternity benefits were paid also remained relatively stable at 14.5 weeks, or 96.7% of the maximum entitlement of 15 weeks.

3. Parental Benefits

Claims for parental benefits increased by 1.7%, from 211,270 to 214,850, in 2002/03, making this the third consecutive year that parental claims have exceeded maternity claims. Biological parental claims by men increased by 25.9% in 2002/03, increasing from 23,120 to

29,100 (refer to Chart 6). For the first time since 1997/98, the number of biological parental claims by women decreased by 1.4% from 185,550 to 182,990, a reflection of the decline in maternity claims. It is also noteworthy that the number of parental claims for adoption increased by 6.2%, from 2,600 to 2,760, over the previous reporting period, representing the third consecutive year that parental claims for adoption have risen.

Chart 6: Number of Fathers Claiming Parental (Biological) Benefits



This is the first reporting period that allows a full account of benefit expenditures for the enhanced parental benefits, as all claims in the reporting period fell under the new regime. Total benefit payments increased by 43.9% to \$1.87 billion, which is mainly attributable to the maturing effect of the enhancements made to parental benefits. The average weekly benefit for biological parents was \$314, an increase of 2.6%, while the average weekly benefit for adoptive parents was \$357, up by 1.8% from the previous reporting period.

The average duration of parental (biological) benefit leave taken, although down slightly (-1.4%) from 2001/02, remained high at 27.8 weeks,¹⁶ or 79.4% of entitlement. When combined with maternity benefits and the waiting period, it can be said that biological

¹⁵ Prior to Bill C-49, claimants could receive a maximum of 50 weeks of special benefits. Effective March 3, 2002, these provisions ensure full access to special benefits for biological mothers who claim sickness benefits prior to or following maternity or parental benefits.

¹⁶ To ensure that the analysis of weeks paid is based on completed claims, the data cover all claims commencing during the first half of the reporting period.

parents are using at least 85.2% of the full year available to them.¹⁷ Adoptive parents in receipt of parental benefits were on claim for an average of 25.8 weeks or 73.7% of their 35-week entitlement, a decrease of 7.8% from 2001/02.

The increasing share of parental (biological) claims made by men (from 11.1% in 2001/02 to 13.7% in 2002/03) demonstrates that parents are sharing the enhanced parental benefit. The majority of new parental claims (86.3%) continues to be established by women. In addition, women received an average of 30.0 weeks of benefits while men averaged 13.8 weeks per claim for biological parental benefits. It should be noted that the lower average duration for men further suggests that the majority of men is sharing the benefit.

4. Sickness Benefits

In 2002/03 the number of sickness claims increased by 5.5% relative to the previous reporting period. Total payments for sickness benefits increased by 7.8% to \$719.3 million while the average weekly benefit level for sickness claims was \$276, an increase of 2.0% over 2001/02. The average number of weeks for which sickness benefits were paid remained relatively stable (+2.1%) at 9.6 weeks, or 64% of entitlement.

During the reporting period, sickness claims increased by 7.1% for women and 3.2% for men. While their share of sickness claims remained relatively stable (increased by 0.9 percentage points) in 2002/03, women continued to account for the majority of sickness claims at 59%. Sickness claims increased for all age groups during the reporting period by 5.2%, 5.3% and 6.4% for youth, prime age, and older workers, respectively.

¹⁷ The percentage of entitlement used is calculated as the average of maternity and parental benefits weeks paid combined with the 2-week waiting period expressed as a proportion of 52 weeks (the maximum duration of a maternity/parental EI claim). Note that this figure is conservative in that most men share the benefit with their spouse, lowering the overall average. If it were possible to link maternity/parental benefit utilisation by couples, it would more accurately depict the overall use of the new enhanced parental benefit.

Activities funded under Part II of the *Employment Insurance (EI) Act* represent important contributions to building the skills that Canadians require to achieve labour market success. Such activities include services provided by the National Employment Service (NES) and Employment Benefits and Support Measures (EBSMs). They also include similar benefits and measures in regions where responsibilities have been transferred to provincial or territorial governments under Labour Market Development Agreements (LMDAs) and to Aboriginal groups under the Aboriginal Human Resources Development Strategy (AHRDS).¹ These activities are diversified so that they can be used to address the differing needs of clients and labour market conditions and also, in some instances, provide assistance in times of economic uncertainty. Throughout this chapter, references to EBSMs include similar benefits and measures delivered by provinces and territories and Aboriginal Human Resources Development Agreements (AHRDA). Data for 2002/03 are compared to data for 2001/02, unless otherwise noted.²

I. OVERVIEW

1. Active Measures³

Part II of the EI Act helps to maintain a sustainable employment insurance system through the establishment of Employment Benefits, Support Measures and the maintenance of a National Employment Service for all Canadians. Under Part II, active employment measures are divided into two

main categories: 1) Employment Benefits, and 2) Support Measures in support of the NES. Employment Benefits are available only to insured participants (active and former EI clients) and generally involve long duration interventions with clients and are referred to as Employment Programs. Employment programs include Targeted Wage Subsidies (TWS); Self-Employment (SE); Job Creation Partnerships (JCP); and Skills Development (SD).⁴

The National Employment Service was established to help workers find suitable employment and employers find suitable workers. It also provides services such as career counselling, résumé writing, guidance on job search techniques and access to labour market information (LMI) and other self-serve options. For example, the National Employment Service delivers Individual Counselling and Employment Group Services to individuals in need of such assistance.

Three Support Measures have been established in support of the NES. Employment Assistance Services (EAS) is generally a short duration intervention for all unemployed individuals. These activities are referred to as Employment Services. Labour Market Partnerships (LMP) is a mechanism through which assistance is provided to contribution agreement holders to carry out human resources planning and labour force adjustments. Research and Innovation (R&I) is used to conduct research that looks at innovative ways to assist people to prepare for, obtain and maintain employment.

¹ Please refer to Annex 3.1 and 3.2 for more information on LMDAs and the AHRDS.

² Numbers quoted throughout this report may differ from those published in HRSD's Departmental Performance Report (DPR). The DPR is based on information available at the end of September and does not necessarily reflect year-end figures.

³ Please see Annex 3.2 for eligibility criteria and Annex 3.3 for further information on active measures.

⁴ Apprentices are a subset of Skills Development. This relates to the fact that, in some jurisdictions, apprentices may receive Part II SD funding to cover additional training related expenses. Further, in some jurisdictions, funds are transferred to the province/territory to cover the cost of training incurred by provinces providing training through public institutions.

2. Priorities and EBSM Use

In all jurisdictions there is a clear recognition of the growing demand for more skilled workers. By 2004, it is projected that 70% of all new jobs in Canada will require some form of a post-secondary education and only 6% of new jobs will go to people who have not finished high school. Despite this, nearly eight million adult Canadians have low, or very low, literacy levels. Employers routinely draw attention to specific skills that are in short supply and job vacancies that they cannot fill. Those facts, combined with the needs of specific groups and communities, led to significant investments in activities designed to enable individuals to build their skills and position themselves to better meet the needs of employers.

As stated in Chapter 1, job growth during 2002/03 was strong. The unemployment rate remained largely unchanged from that reported in the previous reference period. In this context, the common priorities espoused by the Department, provinces and territories are:

- helping individuals to receive the proper training for the right jobs, including self-employment;
- addressing the needs of individuals that are at the greatest risk;
- providing timely and accurate labour market information; and
- ensuring that the diverse needs of individuals are met through an appropriate balance of Employment Benefits and Support Measures.

To address these priorities, certain operational directions came to the fore during 2002/03 that reflect the importance of skills and learning and partnership. These included:

- a focus on higher level Skills Development interventions to address future skills shortages;

- focused investments in growth sectors where there is greater opportunity for labour market attachment;
- strengthened links with agreement holders and community organizations;
- an emphasis on the provision of career counselling services to clients with greater employability needs; and
- increasing service to former EI claimants.

3. Clients

During 2002/03, excluding self-serve options, 637,754 individuals accessed EBSMs (please refer to Annex 3.5 for detailed client data). Women accounted for 43.6% of the EBSM client base, which is slightly more than in 2001/02. Those in the 20-24 age grouping represented the largest cohort of clients in the EBSMs at 15.5%. Older workers represented 5.9% of the clients served through EBSMs during 2002/03. Overall, clients participated in 895,887 interventions with each client, on average, taking part in 1.4 interventions.

Table 1
EI Part II Clients served
by client types

	2001-2002	2002-2003	Variance
Active EI Clients	356,249 (62.5%)	396,397 (62.2%)	+40,148 (+11.3%)
Former EI Clients	73,487 (12.9%)	78,214 (12.3%)	+4,727 (+6.4%)
Non-insured Clients	140,464 (24.6%)	163,143 (25.6%)	+22,679 (+16.1%)
Total	570,200 (100%)	637,754 (100%)	+67,554 (+11.8%)

Although fewer EI claims were established in 2002/03 than in 2001/02, all client groups showed an increase in clients served under Part II (refer to Table 1). The increase in client data can be explained by several factors. Data capture, notably case management

documentation, has been improved. As there is an ongoing concern with respect to this issue, jurisdictions make a concerted effort to emphasize to local offices the importance of data capture. Also, a slight revision to how Employment Group Services were counted increased the active client count by approximately 20,000 clients, which represents 50% of the increase. A strong labour market also played a part in this increase. Positive labour market conditions can contribute to encouraging unemployed workers' request for service to help them get back to work quickly. Finally, another factor that may explain the increase in client activity relates to awareness. Since EI reform occurred in 1996, it can be assumed that client awareness surrounding EI Part II has improved.

The number of non-insured clients served through Part II, who had access only to employment services, increased significantly from the previous reporting period (+16.1%). All of the factors stated above explain the increase in overall clients, except those relating to Employment Group Services, also explain the increase in the number of non-insured clients. Increases occurred in all jurisdictions with the exception of New Brunswick, where a new system was implemented.⁵

Clients served data show that the emphasis in 2002/03 was largely focused on active claimants.⁶ As was reported last year (excluding non-insured clients), the split between active and former claimants is approximately 80% and 20% respectively. However, analysis of client type is complex due to several factors. For example, some active claimants may have almost exhausted their Part I benefits when they start Part II activities.

Also, when clients participate in longer interventions, they are more likely to exhaust their Part I benefits. Finally, it should be noted that some clients participating in interventions may have a dual status (i.e., they are EI active clients and social assistance recipients at the same time). Such mutual clients are given priority in some jurisdictions.

Service to former claimants ranges from a high of 23.5% in Saskatchewan to a low of 9% in Ontario.⁷ An analysis of referral data provides a partial explanation of this: the referral of EI active claimants is more systematic than the referral process of former claimants. Other important factors that influence this ratio are the targeting and referral processes, which differ significantly between jurisdictions.

Financial factors may also play a part here as many jurisdictions already expend all or most of their allocations with the current balance between active and former claimants. This poses a challenge in targeting and reaching former claimants whose proportion is the lowest of all three client groups. Former claimants participating in benefits are funded entirely through EI Part II, which is not the case for EI active clients in receipt of Part I income benefits. It should also be noted that the Part II allocation has remained at \$1.95B for the last three reference periods.

4. Designated Groups

Table 2 and Annexes 3.7 to 3.10 provide detailed participation data for designated groups. Nationally, the participation level of all designated groups increased slightly from the previous reference period. It is important to note that data for designated groups is based on self-identification. However, the data

⁵ Data for Nunavut were excluded from this analysis as the sample size was too small.

⁶ The client type (active, former, non-insured) is determined before an intervention begins and is not reassessed even if the status of the client changes while participating in an intervention.

⁷ Data for Nunavut were excluded from this analysis.

can provide a general indication of trends in designated group participation.

The participation of designated groups in programs and services, and the changes between 2001/02 and 2002/03 are as follows:

Table 2 Designated Group Participation in EBSM Interventions*			
	2001-2002	2002-2003	Variance**
Women	44.6%	45.3%	+0.7
Persons with Disabilities	3.8%	4.7%	+0.9
Aboriginal Peoples	6.6%	7.1%	+0.5
Visible Minorities	5.1%	6.0%	+0.9
* Based on data contained in Annexes 3.7-3.10			
** Calculated in percentage points			

Employment Programs

The overall participation of designated groups in programs remained similar to that reported in 2001/02.

- The participation of women in programs increased by 0.1 percentage points to account for 35.8% of program interventions. It is important to point out that apprenticeship data, where the participation rate of women and men is historically quite different, acts to lower the overall participation of women in employment programs. Without apprenticeship data, the participation of women in programs is 45.3%, which is about a percentage point higher than in 2001/02.
- For programs, the remaining designated groups were stable:
 - Persons with Disabilities → 2.3%;
 - Aboriginal Peoples → 2.5%;

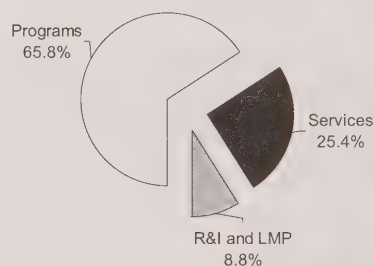
- Visible Minorities → 3.0% (+0.2 percentage points).

Employment Services

The participation of designated groups in services increased modestly for all of the designated groups with the largest increase being in the participation of persons with disabilities.

- Women's participation increased 0.4 percentage points to 48.2%.
- The participation of persons with disabilities increased by 1.0 percentage point to 5.4%.
- Aboriginal peoples increased their participation by 0.7 percentage points to 5.8%.
- Participation of self-identified visible minorities in services increased by 0.9 percentage points to 6.9%.

Chart 1 : Expenditures



5. Interventions and Pan-Canadian Activities

"Interventions"⁸ include the full range of employment programs and employment services that are provided under EBSMs, Employment Group Services and Individual Counselling. In general, employment programs are longer in duration than employment services and, as shown in Chart 1, involve a

⁸ Note that the number of interventions is not representative of the number of clients (individuals) served. For example, one client may have two separate interventions, thus resulting in a client count of one but an intervention count of two.

greater investment of funds. The program or service used is dependent on the needs and preferences of clients, as well as the opportunities that exist in the labour market. The interventions reported are those that began between April 1, 2002 and March 31, 2003.

Employment Programs

During the reference period, the overall use of employment programs declined by 4.7% to 176,576, compared to 185,322 interventions in 2001/02. As can be seen in Table 3, although Self-Employment and Job Creation Partnerships increased, this was not sufficient to offset decreases in Targeted Wage Subsidies and Skills Development (please refer to Annex 3.6 for a breakdown by jurisdiction). It should be noted that not all provinces showed this same trend. For example, Newfoundland and Labrador showed significant increases in Skills Development while Targeted Wage Subsidies increased in Nova Scotia and British Columbia. Alberta recorded increases in both.

The overall decline in program interventions may be partially explained by the fact that in positive labour market conditions people prefer to take advantage of increased employment opportunities rather than investing time in long duration programs. This is reflected in the large increase (18.4%) in the number of service interventions that provide help in matching largely job-ready clients with available jobs. The decline may also be linked to the decrease in the number of new claims resulting from positive labour market conditions, which translates into fewer suitable clients for support through programs. Another factor that may also be at play here relates to the rising costs associated with training and other inflationary factors. Findings from future evaluations may provide more information with respect to the use of programs and services.

Even though program activity declined, expenditures on programs increased slightly (1.2%) to reach \$1.27B. However, expenditures on Job Creation Partnerships, Self-Employment and Targeted Wage Subsidies followed the pattern seen in intervention activity as Job Creation Partnerships and Self-Employment increased while Targeted Wage Subsidies decreased. It should be noted that individuals also received \$408.9M of Part I benefits while taking part in Self-Employment, Job Creation Partnerships and Skills Development (please refer to Annex 3.11).

**Table 3
Employment Program Interventions**

	2001-2002	2002-2003	Variance
Targeted Wage Subsidies	28,651 (15.5%)	24,566 (13.9%)	-4,085 (-14.3%)
Self-Employment	12,156 (6.6%)	13,675 (7.7%)	+1,519 (+12.5%)
Job Creation Partnerships	10,073 (5.4%)	10,520 (6.0%)	+447 (+4.4%)
Skills Development Regular	93,222 (50.3%)	86,926 (49.2%)	-6,296 (-6.8%)
Skills Development Apprentices	41,220 (22.2%)	40,889 (23.2%)	-331 (-0.8%)
Total	185,322 (100%)	176,576 (100%)	-8,746 (-4.7%)

Table 4
Employment Program Expenditure
(000)*

	2001-2002	2002-2003	Variance
Targeted Wage Subsidies	\$111,308 (8.9%)	\$108,395 (8.6%)	\$-2,913 (-2.6%)
Self-Employment	\$125,192 (10.0%)	\$133,972 (10.6%)	\$+8,780 (+7.0%)
Job Creation Partnerships	\$69,217 (5.5%)	\$77,874 (6.2%)	\$+8,657 (+12.5%)
Skills Development	\$945,486 (75.6%)	\$945,668 (74.7%)	\$+182 (0.0%)
Total	\$1,251,203 (100%)	\$1,265,909 (100%)	\$+14,706 (+1.2 %)

* Please refer to Annexes 3.11-3.13 for expenditure details for all EBSMs

Skills Development and Apprenticeship accounted for 72.4% of all program activity, which reflects the importance placed on training by provinces/territories and the Department. Skills Development itself accounted for about half of the program interventions.

Nationally, Skills Development expenditures remained stable despite a decline in intervention activity. In addition to factors discussed above, Skills Development generally entails longer interventions that span more than one fiscal year, resulting in carry-over of expenses from one year to the next while the intervention is only counted in the first year.

Analysis of the 2002/03 and 2003/04 carry-over data for co-managed regions and Ontario shows a relatively stable situation. At the beginning of 2002/03, carry-over levels were higher in Ontario and in British Columbia, where budgets are the highest. This situation contributed in limiting the number of new program interventions in 2002/03. The cost of Skills Development is also dependent on the cost of training, an area where some jurisdictions have indicated an increase.

Apprenticeship interventions increased modestly in Newfoundland and Labrador,

Prince Edward Island, Nova Scotia and Alberta. However, these increases were offset by declines in other jurisdictions, which resulted in a national level similar to that reported in 2001/02.

Age Characteristics of Program Participants

When specific program options are analyzed more closely, some trends of program use by age are apparent. Youth (<25) accounted for about 45% of all of the new start apprentice interventions in 2002/03. The age grouping of 25 to 29 accounted for an additional 26% of apprenticeship interventions. To contrast this, the age grouping of 45 to 54 accounted for only 3.1% of apprentice interventions and older workers (>55) accounted for only 0.4%.

Conversely, those under 25 were less likely to take part in a Self-Employment intervention. Participation in Self-Employment was highest for the age grouping of 35 to 39 (18.7%) and lowest for those aged 24 or younger (4.6%).

Employment Services and Other Support Measures in Support of the NES

Employment services are available to all unemployed Canadians in need of assistance to return to work. As eligibility for EI is not a factor for services, these activities are important to those that have been absent from the labour market for an extended period of time or new immigrants who have not yet entered the Canadian labour market.

Services provided to individuals reported in this section include those individuals who had some level of interaction with a case manager or who took part in an Employment Group Services intervention.

Service interventions recorded during 2002/03 increased by 18.4% from those reported in

Chapter 3 – Employment Benefits and Support Measures and National Employment Service

2001/02. This increase brought service interventions to 702,361 in 2002/03, compared to 593,437 in 2001/02 (please refer to Annex 3.6 for a breakdown by jurisdiction). All interventions increased to varying degrees with the largest increases occurring in Employment Group Services (51.5%) and Employment Assistance Services (19.6%). The breakdown between Employment Group Services and Employment Assistance Services should be considered as an approximation due to the fact that in some jurisdictions, these activities are not recorded separately. Data analysis indicates that service interventions had no identifiable patterns of use by age.

Table 5
Employment Services
Intervention Activity

	2001-2002	2002-2003	Variance
Employment Assistance Services	356,544 (60.1%)	426,400 (60.7%)	69,856 (+19.6%)
Employment Group Services	70,275 (11.8%)	106,448 (15.2%)	+36,173 (+51.5%)
Individual Counselling	158,469 (26.7%)	161,005 (22.9%)	+2,536 (+1.6%)
Supplément de retour au travail (Quebec only)	8,149 (1.4%)	8,508 (1.2%)	+359 (+4.4%)
Total	593,437 (100%)	702,361 (100%)	+108,924 (+18.4%)

Although data for service interventions indicate a notable increase from that reported last year, it is important to qualify this occurrence. Increases in the utilization of services can be expected when solid labour market conditions prevail. Often, clients who are job ready want to take advantage of these positive conditions and require only the type of assistance available through services. Improvements in the data capture and the methodological adjustment in the Employment Group Services participant calculation,

discussed in Section 3, also explains the increase in the number of service interventions.

This being said, expenditures on Employment Assistance Services indicate a real increase in service activity as Employment Assistance Services expenditures reached \$485.2M in 2002/03, an increase of 6.0% over 2001/02 when expenditures were \$457.8M.⁹

In addition to the assisted services reported here, clients also have access to self-serve options in support of the NES. These services include Labour Market Information products and Job Bank. Self-serve data indicate that during 2002/03 there were approximately 52 million user sessions for Job Bank and 155,058 jobs entered by employers through Job Bank for Employers.

Table 6
Employment Services and Other
Support Measures Expenditures
(000)

	2001-2002	2002-2003	Variance
Employment Assistance Services	457,769 (71.2%)	485,151 (73.6%)	27,382 (+6.0%)
Labour Market Partnerships	177,770 (27.6%)	165,918 (25.2%)	11,852 (-6.7%)
Research and Innovation	4,075 (0.6%)	3,533 (0.5%)	542 (-13.3%)
Supplément de retour au travail (Quebec only)	3,587 (0.6%)	4,188 (0.6%)	601 (+16.8%)
Total	643,201 (100%)	658,790 (100%)	15,589 (+2.4%)

Adjustment Activities

Labour Market Partnerships adjustment activities may address the specific needs of individuals employed in industries or sectors in distress. Such activities may address a full range of short- and medium-term needs, including assistance for laid off workers who

⁹ Expenditures for Employment Group Services and Individual Counselling are included in in-house operational budgets and under Employment Assistance Services in some jurisdictions. There is no specific allotment associated with these activities.

are seeking immediate re-employment and/or educational and skills upgrading. For example, in British Columbia, adjustment activities have been undertaken to help various communities to adjust to closures in the forest industry. Such adjustment activities have helped communities reduce their dependency on the forestry by taking advantage of other opportunities, such as ecotourism. In Ontario, funding was provided to assist individuals to adjust to closures within the automobile manufacturing sector. In addition to these activities, pressures resulting from the onset of Severe Acute Respiratory Syndrome (SARS) at the end of 2002/03 resulted in assistance being provided to those who felt the economic impact of the disease. Examples of adjustment activities relating to SARS will be available in the 2004 Monitoring and Assessment Report.

Pan-Canadian Activities

Pan-Canadian activities are national or multi-regional in scope or purpose. They include activities that respond to special labour market issues or situations that extend to or affect the country as a whole or a significant area of the country. They also consist of labour market development activities that can be described as being of national importance or as improving the functioning of the labour market in Canada, such as supporting interprovincial labour mobility, promoting and supporting national sectoral partnerships, and operating the national labour market information and national labour exchange systems. The key activities carried out under pan-Canadian programming relate to the Aboriginal Human Resources Development Strategy (AHRDS), Sectoral Partnerships, youth programming, and the work of the Applied Research Branch.

As part of the Government of Canada's response to the recommendations of the Royal Commission on Aboriginal Peoples, the AHRDS

was given a five-year (1999/00-2003/04), \$1.6-billion budget to help Aboriginal communities and organizations take on the responsibility of developing and implementing their own employment and human resources programs. During 2002/03 about \$90M of pan-Canadian funding went to support the AHRDS, which works to expand the employment opportunities of Aboriginal peoples across Canada. The AHRDS initiative assists Aboriginal individuals to prepare for, obtain and maintain employment with an emphasis on helping youth, off-reserve Aboriginal peoples and persons with disabilities. Activities under this initiative were carried out in partnership with the provinces/territories, the private sector and the Aboriginal Human Resources Development Sector Council.

Other pan-Canadian activities, such as those funded under LMP, were used to support sector councils, which are led by industry partners (employers and workers) in a defined area of economic activity, who seek to identify and address current and anticipated human resources and skills and learning challenges in various areas of the Canadian labour market. Sector councils represent industry and labour partnerships that span a variety of economic sectors across Canada—from child care, to the environment, to textiles. They also develop innovative projects that help to ensure skills developed by the educational sector are responsive to industry needs and increase access to and opportunities for continuous learning. For example, during 2002/03, the Tourism sector council began an "Electronic Delivery" project, which helps the sector by providing access to, among other things, lifelong learning, labour market information and prior learning assessment.

The Sectoral Partnership Initiative (SPI), now known as the *Sector Council Program*, has been the primary funding stream under which a

variety of labour market and career information and research products were made available to industry to help employers and business to address human resources, skills and learning issues affecting the Canadian labour market. The SPI also supported the development and distribution of a number of career information products aimed at facilitating labour market entry and career progression for young Canadians.

Pan-Canadian funding was also used to support the *Youth Awareness* initiative, which included human resources management, planning and awareness activities to assist employers and communities to prepare for and meet the needs of individual youth and the labour market. These activities address issues common to the youth labour market in various jurisdictions. Examples of activities funded under this initiative include Career Circuit and Skills Canada.

Career Circuit helps to strengthen service to youth by building a network of capable individuals and organizations from across Canada. This network provides access to contacts, information, resources, professional development, and support services. This helps youth to explore learning, work, career options and to build successful futures.

Skills Canada works in partnership with employers, educators, labour groups and governments to reposition trade and technical careers as a first choice career option for Canadian youth, thereby helping to secure Canada's skilled labour needs. Through annual provincial/territorial and national competitions, as well as international competitions that are held every other year, Skills Canada helps to make these occupations more visible and tangible for youth, parents, and educators.

In addition to these Labour Market Partnership-funded projects, projects funded through Research and Innovation sought to identify better ways of helping persons prepare for, return to, or keep employment, and be productive participants in the labour force. These activities take the form of social experiments based on a random-assignment research design. Project impacts are evaluated by comparing outcomes for participants who receive financial incentives and services (the program group) with outcomes for participants who receive regular benefits and services (the control group). Research and Innovation projects provide evidence about what does and does not work from the perspectives of government budgets, program participants, and society as a whole.

II. RESULTS

The results in this section are presented in terms of:

- Returns to Work and Unpaid Benefits; and
- Results by Intervention.

1. Returns to Work and Unpaid Benefits

EBSMs are designed to enable improved employment results and enhance the employability of individuals, through more skills, better knowledge, access to opportunities to gain work experience and other impacts. Results in any one jurisdiction are influenced by local and regional labour market characteristics and jurisdictional service delivery strategies. For some types of interventions, expenditures in one year do not produce results until the following year. Therefore, current year results may not correspond to current year expenditures. For these reasons, it is not recommended to make comparisons across jurisdictions. Rather, it is suggested to compare results with those of the

same jurisdiction in the previous year and/or with the established targets.

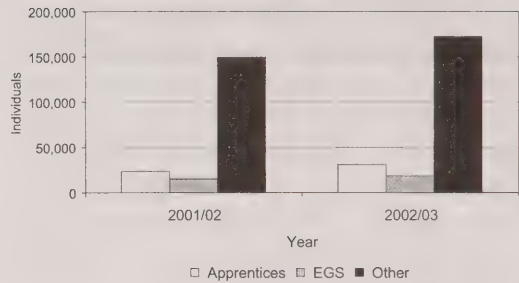
"Returns to Work" and "Unpaid Benefits" have been identified as the key short-term success indicators for clients participating in EBSMs, Apprenticeship, Employment Group Services or Individual Counselling. It should be noted that these indicators are gross and do not refer to the net impacts of programs and services.

"Returns to Work" refers to the number of insured participants who are working in paid employment and have received support through EI Part II. "Unpaid Benefits" refers to the difference between an individual's maximum entitlement to Part I benefits and the actual payout of such benefits. These results should not be considered as savings, given that they greatly exceed the amount that could represent potential savings. Further, most individuals who received Part I benefits, on average, only used two-thirds of their entitlement.

As stated in Chapter 1, Canada's economic and labour market performance was robust during the reporting period. Data related to Part II supports this to some extent as both "Returns to Work" and "Unpaid Benefits" increased significantly over that reported in 2001/02. For non-AHRDS clients, "Returns to Work" increased 18.1% to reach 221,943 in 2002/03, compared to 187,938 in 2001/02. "Unpaid Benefits" showed an even greater increase, 25.2%, to reach \$814.5M, compared to \$650.8M in the previous reference period (please refer to Annex 3.14).

In some jurisdictions results exceeded targets by significant margins. Those for Saskatchewan were almost double the targets.

Chart 2 : Returns to Work



Charts 2 and 3 present "Return to Work" and "Unpaid Benefit" results by the categories of Apprentices, Employment Group Services and "Other".¹⁰ This categorization is used because of substantial differences in the nature of these activities. As can be seen in these charts, all categories increased from 2001/02 to 2002/03. Detailed data show that the increase in both "Unpaid Benefits" and "Returns to Work" was much larger for Employment Group Services and Apprentices than it was for all "other" EBSM interventions. "Returns to Work" associated with EGS and Apprenticeship increased by 22.5% and 30.4% respectively. This compares to an increase of 15.7% for "other" interventions. Similarly, "Unpaid Benefits" for Employment Group Services and Apprenticeship increased 41.0% and 36.0% respectively, compared to 16.0% for the remaining interventions.

Chart 3 : Unpaid Benefits



¹⁰ "Other" includes the EBSMs listed in Annex 3.3.

Chapter 3 – Employment Benefits and Support Measures and National Employment Service

Apprenticeship is an important tool in addressing skills shortages. To encourage apprenticeship, as noted in Annex 6, the Department has eliminated the second waiting period for Part I benefits for apprentices. However, when looking at results data, it is important to point out that apprentices generally return to work because of the nature of the program—it involves an in-class portion and an on-the-job portion. In many cases, apprentices are employed but temporarily leave their employer to undertake training in an apprenticeship program and upon completion, return to the same employer. As such, it is expected that the success of apprentices, with respect to returning to work, would be higher than other interventions.

High results associated with Employment Group Services are in line with the increase of Employment Group Services interventions. Employment Group Services is used to assist job ready individuals to return to work quickly and generally occur during the first weeks after an EI claim has been filed. A quick referral to an Employment Group Services intervention provides a greater potential for "Unpaid Benefits." This is more significant when labour market conditions are favourable, as more job ready clients would be served through Employment Group Services so the pool of possible results would be much larger. Unlike the results of other interventions, results for Employment Group Services are associated with clients who participated in Employment Group Services interventions only.

Speed of service to clients is an important factor that contributes in generating "Unpaid Benefits." An assessment of administrative data indicates that approximately 50% of all active claimants served under Part II start an

intervention within the first 15 weeks of their claim and in approximately half of those cases, an intervention commenced within the first 10 weeks. This can be linked to the referral processes in place in the various jurisdictions.

Results deriving from Aboriginal Human Resources Development Strategy activities also increased when compared to the previous reference period. "Returns to Work" and "Unpaid Benefits" increased by 10.3% and 10.4% respectively, to reach 8,219 returns to work and \$15.2M in unpaid benefits. Similar increases in these indicators have been noted in the last three editions of this report and have been linked to improved understanding of programming and service delivery in HRSD and Aboriginal organizations. Better data capture has also contributed to these results.

"Returns to Work" and "Unpaid Benefits" for all EBSM clients (AHRDS and non-AHRDS) were 229,282 and \$827.1M respectively.¹¹

2. Returns to Work by Intervention

As in 2001/02, data for 2002/03 indicate that approximately 74% of the EBSM clients that returned to work participated in only one intervention. To address those instances where more than one intervention was utilized (26%), a hierarchy of results was necessary to associate one result with one individual. Results have been attached to the last intervention in which an individual participated. In those instances where a service intervention, such as EAS, followed a program, such as SD, the result would be attributed to the program intervention only.

The linking of returns to work to interventions provides a more complete picture of the results data but cannot be used to evaluate

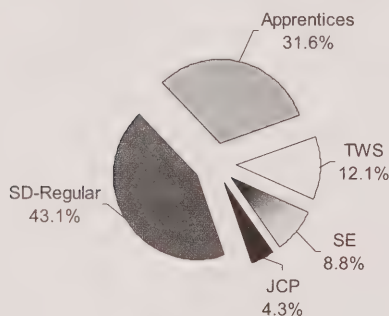
¹¹ Some "Returns to Work" and "Unpaid Benefits" can be associated with both AHRDS and non-AHRDS (regular) programming. To avoid double counting, the roll-up of EBSM results includes only one result per client. As such, results for EBSM regular and AHRDS, noted earlier, cannot be added together to arrive at the total quoted here.

effectiveness. Further, as the interventions associated with these results include new starts from previous years, it is not possible, at present, to determine an employment ratio for programs and services by using the intervention data presented in this report. As such, comparisons between programs and services are not recommended.

During 2002/03, 45.3% of returns to work were the result of program interventions with 54.7% resulting from services where clients were to a large extent job ready (please refer to Annex 3.15). This is similar to data for 2001/02 when programs accounted for 48% of returns to work and services accounted for 52%. Returns to work for both services and program options increased, 24.5% and 11.4% respectively.

As was the case in the previous reference period, Skills Development and Apprentices accounted for the largest proportion of returns to work following participation in a program. As can be seen in Chart 4, Skills Development alone accounted for 43.1% of returns to work for programs while Apprentices accounted for 31.6%.

Chart 4 : Employment Program Interventions Distribution



3. Future Directions

In addition to the data reported in this chapter, more details on the impacts of EBSMs can be found in Chapter 5. This information is based on preliminary findings of the Newfoundland and Labrador, British Columbia and Quebec summative evaluations. Other summative evaluations are presently under way and will be discussed in the *2004 EI Monitoring and Assessment Report*.

This chapter provides an update on Employment Insurance (EI) services and initiatives to improve and modernize service delivery and the quality of our service to Canadians.

- 2.9 million initial and renewal EI claims processed
- 65% of first benefit cheques paid within 28 days from the start of the claim
- In March 2003, 17.4% of claimants elected to file their applications via the Internet
- 20 million reports were completed using the automated telephone reporting service (Teledec) in the last year
- 68% of claimants chose to receive their payments by Direct Deposit
- Insurance Telemessage, an automated information service, answered 11.4 million inquiries for clients who were able to self serve
- EI call centre employees responded to approximately 6.5 million inquiries and transactions
- 98% of eligible claimants used Teledec to complete their bi-weekly reports
- 96% of all claims are paid accurately
- 84% of all appeals to the Board of Referees are scheduled to be heard within 30 days of receipt of the appeal letter
- The EI program is delivered by 8,000 dedicated employees in 320 points of service across Canada

I. IMPROVEMENTS IN SERVICE DELIVERY

1. Modernizing Service for Canadians

Modernizing Service for Canadians (MSC) is a multi-year initiative to improve the quality of services for Canadians, through the introduction of an integrated service delivery approach that provides citizen-centred, relationship-based services.

Each interaction with a citizen will be used as an opportunity to better understand and better serve them, while respecting privacy and

security. The objective is to enhance client satisfaction and improve policy and program outcomes simultaneously.

2. Employment Insurance Services to Individuals

HRSD is committed to providing Canadians with a choice of how to access services, and to providing timely service with a more integrated service delivery network. In 2002/03, substantial progress was made towards modernizing the service delivery network. The array of choices available to clients for the most common services requested by clients was expanded. Services are available through four different channels: over the phone, over the Internet, in person and by mail.

Information and Inquiries

Service offerings within HRSD continue to be developed and implemented in order to provide clients with information relevant to their individual needs and circumstances through a variety of service channels.

Through EI call centres, claimants can renew their claims and get decisions. For complex inquiries, they have access to expert service in a Human Resource Centre of Canada (HRCC). Payment details and answers to general inquiries are provided using Insurance Telemessage, an automated information service that continues to be enhanced. Furthermore, a plan for positioning EI and Income Security Programs call centres for the future is in place. This plan will include steps to harmonize services offered and assess performance indicators.

Additional enhancements were made to Teledec, an automated telephone reporting service. As a result of the enhancements, there was an increase of 12 million bi-weekly reports completed by telephone in the last year. The number of payments made using Direct Deposit was approximately 19 million. These services

provide faster payments compared to the traditional paper processes.

Answers to general inquiries are also available via e-mail. In 2002/03 a total of 26,000 general non-EI claim specific inquiries were responded to in this manner, about a 62% increase in comparison with the same period last year. In November 2002, an E-mail Response Management System was implemented to enhance this service and ensure consistent responses to frequently asked questions.

Along with e-mail communication, the EI Internet site has seen its number of visitors grow over 200% during the past year in comparison to the previous one. The "Contact Us" option on the site has been improved to offer broader access to the various EI services available via the Internet. The navigation and the content of the entire EI Internet site has been modified to better address clients' comments.

Although electronic services are greatly promoted, individuals continue to have access to in-person services in the HRCC offices. An array of informative publications and in-person service are available at each of our 320 points of service. Where expert information is required for large groups of people, Public Liaison officers are there to help. When required, HRSD representatives provide group information sessions at a convenient location. Employers, unions and interest groups have made good use of these services, resulting in fewer delays and improved quality of service.

To support continual improvement, communication products and forms are continually being adapted to support clients through the use of electronic services, legislative change and expanding service delivery options. All communication products are provided in both official languages. Clients who are not familiar with electronic services

receive in-person service and support suited to their needs.

Application for benefits

EI Appli-Web, which allows claimants to apply for benefits via the Internet, was launched nationally in April 2002. The take-up rate of 17% after the first year of launch shows that this application turned out to be appreciated by claimants.

The application incorporates the following features:

- interactive fact finding screens on specific situations, such as when a claimant has voluntarily left or been released from a job; and
- secure transmission of information.

Appli-Web users are supported by an A to Z Help Index, Frequently Asked Questions screens, Help Screens, and toll-free Help Desk assistance. On the Appli-Web exit survey, users have had an overall satisfaction rating of 8.5 out of 10.

A customized form was developed to support the use of Appli-Web when large numbers of people are being laid off from the same employer. This form may be used at information gathering sessions to ensure the highest quality of service and the most efficient processing of claims.

In keeping with the Modernizing Service for Canadians initiative, kiosks in HRCCs are being transformed to Citizen Access Web Stations (CAWS). This will allow clients to file electronic EI applications using Appli-Web. In 2002/03, roughly 50 to 60% of kiosks were transformed in each region. CAWS provide important access for citizens to the Internet and on-line government services. In addition, HRSD representatives are there to help support citizens in what may be their first experience with automated and on-line services.

In the majority of cases, claimants who have already established a claim in the last year are able to renew their claim quickly and easily by phone. Pilot projects in British Columbia and Newfoundland and Labrador allow applicants in remote areas to file initial applications by phone.

Bi-weekly reporting and payment

While receiving EI benefits most claimants are required to report on a bi-weekly basis regarding earnings and the state of their unemployment. HRSD encourages the use of Teledec, a toll-free automated telephone reporting service. When combined with Direct Deposit, this service provides faster and reliable payment for clients while reducing printing and mailing expenses, allowing for a more efficient and effective reporting process.

When a caller has difficulty completing a Teledec report during business hours, the call is referred to a call centre representative. This year, call-in times were adjusted to allow claimants to begin reporting at 8:00 a.m. on Fridays, ensuring claimants are able to receive assistance when needed.

Work is under way to introduce an Internet reporting channel in 2003/04. This will provide claimants with the convenience of an additional service channel while reducing toll-free costs associated with telephone reporting.

Beneficiaries of maternity and parental benefits are exempted from the requirement to report on a bi-weekly basis. These clients undertake to advise HRSD if any circumstances occur that may affect their entitlement to benefit.

Workload

EI focuses on providing financial assistance to claimants as quickly as possible from the first day they are entitled or become unemployed, no matter when they apply for benefits. For that reason, one of EI's key performance

measurement tools measures the speed at which claimants are advised of their entitlement and payment made within 28 days of the start of their claim. There have been continuous improvements in these results since the creation of a revised indicator in April 2001, including a 5% improvement in the current period. More comprehensive information on service quality is available through HRSD's Departmental Performance Report.

To continue to improve on results, processes were reviewed to create efficiencies, and standardize and simplify procedures:

- Applying on-line for EI will create better initial documentation of claims and will improve opportunities for standardized claims processing because the input is done and the electronic information links in with our processing systems.
- Interactive fact finding provides better, streamlined, on-line facts documented on file by the citizen. This means fewer follow-up calls to claimants and faster processing of EI benefits.
- EI claim renewals by phone are important because there is less paper to process, and it allows for quick and easy benefit payments when an existing claim is renewed.
- Automatic information feed is in place for Appli-Web and ROE Web so that the systems can communicate with each other and provide more complete and accurate benefits processing more efficiently, on-line and in real time.

Towards the end of the 2002/03 fiscal year, a number of events occurred concurrently that contributed to an increase in claim volumes. All of this has challenged the Department's ability to continue to meet client needs. The former HRDC responded by invoking a

workload fluctuation contingency plan that included:

- sharing work among local offices and within a region;
- curtailing some activities such as non-urgent training and project work;
- redirecting trained resources to claims processing; and
- advising clients of any delays.

In addition, projects that will bring the greatest improvements to our efficiency in claims processing have been fast-tracked.

3. *Employment Insurance Services to Employers*

To ensure that EI benefits are paid in a timely and accurate way, HRSD works with employers and payroll service providers to provide for electronic filing of Records of Employment (ROE) and payroll information. ROE Web has been developed and HRSD is working with employers and payroll service providers to promote this new service.

ROE Web is a phased project that includes a suite of applications to facilitate business-to-government transactions over the Internet. ROE Web permits the acceptance of secure Web-based transmissions of ROE data from employers, using Public Key Infrastructure (PKI) technology that provides authentication, encryption and digital signature on the transactions. This initiative will improve services to Canadian businesses, improve administration of the EI fund and reduce administrative costs.

As a pilot initiative, ROE Web realized immediate benefits for the participating employers by reducing the burden of processing the ROE in paper format. It also contributed in reducing the workload of data entry and improved the quality of ROE

information through built-in edits that identify errors before the ROE is sent to HRSD.

Based on the pilot experience, it has been estimated that users of ROE data would spend 50% less time handling the data. Follow-up calls to employers alone can run as high as 40%. These calls would be reduced significantly, resulting in less time spent by the business community as well as HRSD in answering or making queries on ROE matters. The potential for savings to HRSD and the business population are significant.

In fact, when surveyed, the pilot users indicated that already tangible benefits accrued and outweighed any costs of support on their local networks; ROE Web is quick to learn and easy to use; it eliminates the three-part ROE form that has been identified as a reason for dissatisfaction with employers when dealing with government; it reduces paper and the costs associated with handling the ROE form and it can reduce storage space requirements and the labour to warehouse the form and index it for retrieval. Employers have also eliminated the need for some equipment (i.e., impact printers) simplifying their operations and resulting in cost reduction.

In preparation for national implementation of ROE Web in the 2003/04 fiscal year, the Department has assisted in the development of the Government of Canada's secure channel initiative as it relates to the business community. Upon delivery of the secure channel, employers participating in the pilot will be converted to the secure channel. In 2002/03, the 11 pilot employers submitted 37,770 ROEs.

By the end of 2003-04, the goal is to register employers in such number that potentially 40% of the ROEs issued could be produced using ROE Web.

4. Premium Reduction Program

The Premium Reduction Program was introduced through legislation in 1971 when sickness benefits were introduced for unemployment resulting from illness, injury, disability and pregnancy. Many employers had similar sickness and disability benefit coverage for employees under group plans and because those plans would yield savings to the program, it was decided to provide a means for returning these savings to employers and their employees.

EI premium reductions are granted because private wage-loss replacement plans, also known as disability income insurance, substitute for EI sickness benefits. Accordingly, when replacement plans qualify, employers' and employees' premiums are reduced. The reductions are set to match the EI savings for sickness benefits, determined through actuarial estimates, approved each year by the EI Commission.

EI premium reductions are shared 5/12 with employees in cash or in kind based on the EI premium rate. Over 40% of the insured population or about 6 million workers are covered under the EI Premium Reduction Program.

5. Appeals of Employment Insurance Decisions

The primary purpose of the EI appeal process is to provide claimants and employers with a means to challenge before an independent, external tribunal an administrative decision that they believe was made in error or with which they are dissatisfied. In addition, the appeal process is an essential element in the fair administration of the Employment Insurance program as it is a bellwether of how well the program is interpreting legislation and policies in its decision-making.

The first level of appeal is to the Board of Referees, which is an independent, impartial tribunal made up of three members from the community. The panel consists of a chairperson appointed by the Governor in Council, a member appointed by the Commissioner for Employers, and a member appointed by the Commissioner for Workers. There are approximately 1,000 Board of Referee members that hear appeals in 83 centres across Canada.

In 2002/03 the Board of Referees heard 33,087 appeals, the equivalent of approximately 1.0% of all new and renewal claims. Approximately 25% of the cases heard by the Board resulted in a reversal of the Department's decision. In 2002/03, 84% of the appeals received were scheduled to be heard within 30 days from receipt.

A decision by the Board of Referees is subject to judicial review under the EI Act. An appeal to the Umpire can be initiated by the client, an employer, or by the Commission pursuant to the legislation. The Umpire is an independent, administrative tribunal that sits alone under the supervision of the Chief Justice of the Federal Court of Canada. Up to 40 judges from the Federal Court or retired provincial superior court judges sit as Umpires. Cases are heard in courtrooms across Canada.

In 2002/03 the Umpire heard 3,122 appeals; the majority of these appeals (84%) were lodged by clients. Approximately 19% of the decisions rendered by the Umpire were favourable to the client.

A party may seek judicial review of an Umpire's decision with the Federal Court Appeals Division. In 2002/03 there were 99 decisions rendered by the Federal Court on cases related to Employment Insurance benefits.

As part of the Balanced Scorecard approach to the management and performance

measurement of the appeals program, a one-day pilot decision writing course for Board of Referee chairpersons was fully implemented this year. Work is under way with a national advisory group of board members to improve training and independent decision-making in accordance with legislation and developments in the area of administrative law.

On April 1, 2003, the *Serving Employment Insurance Appellants* Web site was launched. This site was developed with the assistance of external advocates and enables citizens to enquire about the Employment Insurance appeals process and the various levels of appeals, and to obtain information on how to prepare and present an appeal at a hearing. It also offers search tools to help citizens review the legal principles and case law relating to their situation. Electronic forms are available on the site for filing an appeal to the Board of Referees or to the Umpire. Work is currently under way to enhance the Web site to enable clients to file appeals electronically via the Internet.

II. QUALITY

6. Quality and Accuracy

Employment Insurance accuracy of benefit payment is measured by the results of the Comprehensive Tracking System (CTS). Traditionally, accuracy declines after major reform and then as staff, employers and clients absorb the changes, accuracy levels usually stabilize and return to normal. Historically, the accuracy rate was about 96%. After the 1996/97 reform of the EI Act, the CTS accuracy rate decreased to a level of around 93%. However, the subsequent return to normal levels did not occur as expected. The Insurance Quality Management Initiative was introduced, in part, to address this issue and to improve our accuracy of benefit payment.

Since April 2000, a number of quality management initiatives have been implemented to improve the accuracy of benefit payment as well as our services to clients. HRSD has successfully heightened employers' awareness on the necessity to provide accurate information on Records of Employment. Messages to clients have also been put in place to ensure that the most accurate information possible is provided when reporting earnings and reasons for separation when they are in receipt of EI benefits. HRSD regularly reviews the quality of services offered by staff in local offices, call centres and benefit payment centres to ensure continuous improvement. Through feedback provided to staff, customized training to address identified quality issues and implementation of other preventive and corrective measures, levels of quality achieved are continually being improved.

HRSD has now completed three years of quality management activities designed to improve quality and accuracy. From March 2001 to March 2003 it improved from 93.5% to 95.5%. Considering the complexity of the EI benefit calculation process it is an encouraging result.

7. Client Satisfaction

In 2000, the Government of Canada made a commitment to increase client satisfaction with its services in a significant and quantifiable way. The Service Improvement Initiative (SII), approved by the Treasury Board Secretariat, is continuing and the objective of achieving a 10% increase in Canadians' level of satisfaction with the delivery of major Government services by 2005 is being maintained. Client satisfaction with the EI program was measured through a Client Satisfaction Survey in 2001. The results were extremely positive: 77% of EI surveyed clients were satisfied or very satisfied with the overall quality of service they received. Even

with these excellent results, HRSD continues to look ahead for means to improve client satisfaction.

To contribute to this initiative, an action plan for EI Service Improvement was developed for 2002/03. This plan took into account important facts indicated in the former HRDC Service Quality Report. The major factors involved in satisfaction with service are, namely, timeliness, competence, courtesy, fairness and outcome. The action plan included projects already proposed in the Modernizing Service for Canadians initiative, as well as improvements to our Internet and telephone services and our printed communications. Quality monitoring, implementation of standardized service offerings such as calling clients to explain negative decisions and the efficiencies gained through streamlining, standardizing and automation are expected to each play a role in increasing client satisfaction.

8. Learning Organization

HRSD's goal of creating a learning organization has been given a strong boost through the implementation of the national training policy. This new policy has established the framework that will help to support the Insurance program within the context of the corporate service delivery policy. A national training strategy and calendar were also developed to further support the Insurance program.

Staff in the field (i.e., front-line, call and processing centres) must be in a position to maintain and continually improve services to Canadians. To achieve this priority, HRSD ensures that its employees are current and up to date on the Employment Insurance Program. To deliver on this priority and meet the training needs of HRSD staff, 21 training products were updated and 9 others were developed this year. These training products cover the core curriculum training that is

required to respond to inquiries and process claims for EI benefits.

9. Insurability

Under the EI Act, the Minister of National Revenue has the responsibility for determining when an individual is employed in insurable employment; the first requirement to be entitled to EI benefit. The total number of insurability rulings requests received by the former Canadian Customs and Revenue Agency (CCRA) in 2002/03 was 57,746. Of this total, the former HRDC requested 24,591 rulings (43% of all requests). The remaining requests were the result of direct requests from the public 26,615 (46% of all requests) and the result of the former CCRA's own internal "Personal Insurable Earnings Review Program," which resulted in 6,558 requests (11% of all requests).

The rulings requested by the Department have declined since 1996 from a total of 58,851 in 1995/96 to 24,591 in 2002/03. The two major reasons for this decline were the simplification of the EI rules with the 1996 amendments to the EI Act; and the introduction of a pre-screening process in our HRCCs to deal with arm's-length cases, which make up a large portion of HRSD's ruling requests. This pre-screening process ensured that only valid ruling requests were sent to the former CCRA dealing with arm's-length cases. This process has resulted in claimants receiving their EI benefit much sooner than if an insurability ruling had to be obtained from the CRA. A study done in 2000 on arm's length showed that only 24% of all arm's-length cases received at the former HRDC were sent to the former CCRA for a ruling. This is a very small percentage and points to an effective use of the pre-screening guidelines by HRSD offices.

The Canada Revenue Agency (CRA) has additional programs that also result in requests for insurability rulings indirectly. The "Employer Compliance Audit" program and the "Trust Account Examiner/Senior Trust Examiner" program are utilized by the CRA to identify those employers who pose the greatest risk in terms of non-compliance and lost revenues with respect to the EI Act and the *Income Tax Act*. These programs help to ensure that those employers who should be participating in the EI program fulfill their responsibilities under the program and that those workers, who should have access to the EI program, are in fact participants in the program.

Employer assessment is the tool used by the CRA to support employer participation in the EI program. The assessment program is the CRA's method of collecting EI premiums from employers who may not be meeting their responsibilities under the EI Act. Assessments are raised as a result of audits carried out by the CRA; visits by Trust Examiners to an employer as a result of a third party complaint; or the result of a ruling provided directly to the public or a ruling raised by HRSD on a claim for benefit. If the employment is ruled to be insurable, then the CRA will send a Trust Examiner to the employer's premises to determine how many employees are employed in insurable employment and to ensure that the employer meets his or her responsibilities under the EI Act.

Under section 3 of the *Employment Insurance Act*, the Employment Insurance (EI) Commission is required to assess how the economy, communities and individuals are adjusting to the changes made under EI reform. In addition, the Commission is required to monitor and assess the effectiveness of the benefits and other assistance provided by the program, including how it is utilized, the effect of EI on the obligation of claimants to seek employment, and the efforts of employers to maintain a stable work force.

This chapter provides an analysis of the impact and effectiveness of EI on the economy, regions and communities, and individual workers, using findings from research studies and evaluations of the EI program. The analysis also examines the EI program from the perspective of encouraging work force attachment, use of Employment Benefits and Support Measures (EBSMs), and employers' management of their work force. This chapter concludes with an assessment of the savings realized from the EI reform of 1996/97.

The main findings and methodologies of the evaluation studies referred to in this chapter are outlined in greater detail in Annex 5.

I. EI Summative Evaluation – Income Benefits

EI reform, introduced in 1996/97, represented the most fundamental restructuring of the program in 25 years. While numerous studies have been undertaken to examine various aspects of EI reform, Human Resources and Skills Development (HRSD) is currently in the process of undertaking an assessment of the EI program overall. This summative evaluation will assess the impact of the income benefits (Part I) aspect of EI reform as well as the overall

effectiveness of EI income benefits and the quality of EI service delivery.

Work on the summative evaluation commenced in the summer of 2003 with the development of an evaluation framework, which is expected to be finalized by the end of fiscal year 2003/04. Following the finalization of the framework, a series of evaluations will be undertaken throughout fiscal year 2004/05 and preliminary findings will be published in the *2004 Monitoring and Assessment Report*. The summative evaluation report is expected to be finalized in the fall of 2005 with key findings being reported in the *2005 Monitoring and Assessment Report*.

II. EI and the Economy

An analysis of the impact and effectiveness of EI on the economy is undertaken by examining the stabilizing effect of EI. The analysis also examines the impact of EI on labour mobility and the effectiveness of the program in meeting the financial need of individuals between jobs. Overall, the findings indicate that the EI program has been effective in stabilizing the economy and promoting an efficient labour market.

Stabilization and Purchasing Power

By providing temporary income support to unemployed workers, the EI program provides a countercyclical stimulus that helps to stabilize a slowdown in the economic cycle. A recent HRSD study used two independently developed macro-econometric models of the Canadian economy to examine the role of EI as an automatic stabilizer.¹ The study examined stabilization along two dimensions: increase in benefits paid associated with a slowdown and the effect of declining premium rates. As indicated in Chapter 2, regular EI benefits increased by 2.5% in 2002/03 and the

¹ Forthcoming study – *Evaluation of the Role of Canadian Employment Insurance Program as an Automatic Stabilizer*, Audit and Evaluation Directorate, HRSD. Further information on the methodology used is available in Annex 5.

EI premium rate declined during the reference period from \$2.20 to \$2.10.

The Forecasting and User Simulation (FOCUS) model, developed by the University of Toronto, estimated that without the EI program, an additional 30,000 jobs would have been lost in 2001 and almost 70,000 more jobs would have been lost in 2002.² The FOCUS model estimates the total stabilization effect to be between 13% and 16%, meaning that 13% to 16% of the decline in output and employment that would otherwise have occurred in 2001 and 2002 was avoided as a result of the EI program. It is interesting to note that a similar macro-simulation model determined that the stabilizing impact of the Unemployment Insurance program in 1992 was somewhat greater, at between 15% and 20%.³ In comparison, the model developed by Global Insight, estimated the total stabilization effect to be 10%. Considering that each model responds differently to specified parameters, the estimates generated may be considered to be broadly consistent, which strengthens confidence in the conclusion that EI provides a stabilizing impact on the Canadian economy.

Another way to examine the effectiveness of EI in stabilizing the economy is to examine how EI has assisted individuals to maintain their household consumption patterns. An analysis indicates that only 12% of individuals separated from their job experienced a decline in household spending one year after their job separation.⁴ This result is significant because it indicates that the provision of temporary income support under EI helps most people to return to similar

earnings within a year. For those that did experience a decline, the decline was, on average, 24% of total annual income. The magnitude of the decline varied depending on the type of household, with those with only one income earner being more susceptible to decreases in consumption. The study also showed that 21% of the long-term unemployed (those unemployed for more than 52 weeks) experienced a decrease in consumer spending.

Labour Mobility

Promoting a high level of labour mobility is essential for a smooth and efficient labour market and a strong economy. The national scope of the EI program and the fact that it pays benefits to eligible individuals, who must leave a job to relocate with a spouse, inherently facilitates labour market mobility. Nonetheless, concerns have been raised that the EI program could act as a barrier to labour mobility by encouraging people to stay in areas where there are limited job opportunities. As reported in the *2002 Monitoring and Assessment Report*, there is no compelling evidence of a direct relationship between the EI program and geographic mobility.⁵

In addition, a recent study by HRSD examined the level of mobility in 14 representative communities.⁶ The study examined labour mobility of workers between 1995 and 2002 from three different labour market perspectives: between jobs, collecting EI benefits, and between claims. The study concluded that there is a high degree of mobility into and out of the 14 communities with as many as 30% of claimants changing communities from one EI

² The *2002 Monitoring and Assessment Report* referenced preliminary findings surrounding job loss and stabilization effect. The study has since been finalized and the results reported in the 2003 report reflect the final draft of the study.

³ Peter Dungan and Steve Murphy, *The UI System as an Automatic Stabilizer in Canada*, Evaluation and Data Development, HRDC, 1995.

⁴ Forthcoming study – *To What Extent is Household Spending Reduced as a Result of Unemployment?*, Audit and Evaluation Directorate, HRSD.

⁵ Rick Audas & James Ted McDonald, *Employment Insurance and Geographic Mobility: Evidence from the SLID*, Social Research and Demonstration Corporation, April 2003.

⁶ Forthcoming Study – *EI Reform and Community Mobility*, Audit and Evaluation Directorate, HRSD.

claim to the next. The study determined that those communities with higher rates of immigration tended to have higher rates of out-migration, as well. It is noteworthy that the study found mobility to be greatest in the larger metropolitan areas and in the fishing communities of Clarenville and Miramichi.

III. EI and Communities

While the impact of EI on the economy is a key consideration, it must be recognized that even in times of economic recovery, there may be some regions of the country that do not perform as well as others. The following section examines EI's impact on and responsiveness to communities. The analysis begins with an examination of the responsiveness of EI to changes in local labour markets, followed by a summary of the impact of EI in the 14 representative communities and concludes with a comparative analysis of the impact of EI in urban and rural communities. Overall, the community analysis demonstrates that the program responds quite well to local labour markets and that benefits are adequate despite very different economic realities across the country.

Responsiveness to the Local Labour Market

On a regional basis, the responsiveness of the EI program can be demonstrated by adjustments in the entrance requirements and duration of benefits. EI is specifically designed to respond automatically to changes in local labour markets by modifying the entrance requirement and duration of benefits in line with significant changes in the local unemployment rate in each of the 58 EI economic regions.

The economic recovery in 2002/03 resulted in mainly upward adjustments in the variable entrance requirement with 25 of the 58 economic regions (43%) experiencing an increase in the entrance requirement and a decrease in the length of entitlement as a result of a decline in the regional unemployment rate. Only 7, or 12%, of the economic regions experienced a downward adjustment in the variable entrance requirement and an increase in benefit duration due to an increase in their unemployment rate. Of the remaining 26 EI regions where the entrance requirement and entitlement did not change, all but 8 were already at their minimum or maximum entrance requirement and would not have seen a change in the entrance requirement or benefit entitlement had there been a change in the unemployment rate. Of these eight regions, four experienced slight decreases in their unemployment rates, one had a stable rate of unemployment and the remaining three had unemployment rate increases averaging just over 0.2 percentage points.

Fourteen Communities

Fourteen representative communities were selected at the time of EI reform in order to monitor the level and nature of adjustments to the new legislation at a local level (refer to Annex 4 for individual community profiles).⁷ Five communities were selected to represent their economic regions in terms of average demographic, economic and labour force characteristics. The remaining nine were selected to provide an understanding of adjustment occurring in communities with special characteristics such as high unemployment, a high proportion of seasonal workers, an urban or rural population base or high female participation.

⁷ For more information on the Community Perspective exercise, see the *1999 EI Monitoring and Assessment Report*, Chapter 4. Please note that the 14 communities are: Clarenville, Newfoundland and Labrador; Prince Edward Island; Truro, Nova Scotia; Miramichi, New Brunswick; Repentigny, Quebec; Montréal Centre East, Quebec; Toronto Centre, Ontario; Hamilton Mountain, Ontario; St. Boniface, Manitoba; Prince Albert, Saskatchewan; Calgary Centre, Alberta; Kelowna, British Columbia; Surrey, British Columbia; and Yellowknife, Northwest Territories.

Overall, an analysis of the 14 communities has demonstrated that the EI program is responsive to local labour markets and provides a level of benefits that is adequate despite divergent economic realities across the country. Analysis of EI Administrative data demonstrates that communities with high unemployment rates tend to have a greater proportion of workers who collect EI benefits (refer to Table 1). This is the case particularly in Clarenville, Miramichi and Prince Edward Island. Communities with a lower unemployment rate, such as St. Boniface, Calgary Centre, Hamilton Mountain and Toronto Centre tend to have a proportion of workers that claim EI that is below the national average of 15.0%. This indicates that the EI program is responsive to local labour market conditions.

In addition, workers in communities with high unemployment rates face a lower entrance requirement and longer entitlement periods, giving unemployed individuals more time to find suitable employment in weaker labour

markets. An indication that the varying weeks of entitlement are sufficient is that claimants in communities with high unemployment rates use, on average, about the same proportion of their entitlement as those in communities with low unemployment rates. In 2002/03, claimants in the 14 communities used less than 64% of their maximum entitlement, on average, before returning to work.

It is also important to examine the degree to which EI responds to fluctuations in local labour market conditions. During the reference period, 4 of the 14 communities (Calgary Centre, Toronto Centre, Surrey and Clarenville) were located in economic regions that experienced an increase of more than half a percentage point in the local unemployment rate. The responsiveness of the EI program in these communities was demonstrated by an increase of \$16 million, or 9.3%, in regular EI benefits paid in comparison to the previous reporting period. The increase in regular benefits was largely attributable to an increase

Table 1: Impact on Communities

Community	Average Unemployment Rate (%)	Average Entrance Requirement (hours)	Entitlement Used (%)	Proportion of Workers with EI Benefits (%)
ATLANTIC COMMUNITIES				
Clarenville	21.4	420	66.7	59.0
Prince Edward Island	11.9	478	71.5	37.2
Truro	9.8	554	62.9	22.4
Miramichi	16.6	420	68.2	39.5
QUEBEC COMMUNITIES				
Repentigny	8.7	588	59.1	20.7
Montréal Centre East	8.4	595	61.5	16.6
ONTARIO COMMUNITIES				
Toronto Centre	7.4	633	58.9	5.9
Hamilton Mountain	6.7	656	54.6	9.9
PRAIRIES AND NORTHERN COMMUNITIES				
St. Boniface	5.3	700	61.7	10.3
Prince Albert	14.2	420	49.7	17.0
Calgary Centre	6.0	685	65.1	8.0
Yellowknife	25.0	420	58.2	11.0
BRITISH COLUMBIA COMMUNITIES				
Surrey	7.8	618	68.4	14.8
Kelowna	10.5	525	58.4	17.3

in the number of people establishing a claim as a result of the weaker labour market within their community.

Over the same period, 8 of the 14 communities (Hamilton Mountain, St. Boniface, Montréal Centre East, Prince Edward Island, Repentigny, Prince Albert, Kelowna and Yellowknife) were located in regions where the unemployment rate changed by half a percentage point or less, and, therefore, did not experience a change in the entrance requirement or entitlement.⁸ In these communities, the amount of regular benefits paid still increased by \$5.2 million or 1.4% in comparison to the previous year. This represented the lag in benefits paid as a result of the increase in new claims established in 2001/02 due to the economic slowdown that began in 2001.

The two remaining communities (Truro and Miramichi) were located in regions where the unemployment rate decreased by more than half a percentage point, resulting in an upward adjustment to the entrance requirement and a downward adjustment in entitlement. In these two communities, total regular benefits paid increased by \$2.2 million or 4.2% in comparison to the previous year. The increase is entirely attributable to a significant increase (11%) in new claims in Miramichi in 2001/02, which resulted in increased benefits in 2001/02 and 2002/03.

Urban and Rural Communities

As mentioned in Chapter 1, nearly 80% of Canadians live in urban areas, yet close to half (46.3%) of EI claims were established in rural communities in 2002/03, demonstrating that the EI program plays a more significant role in

rural communities. This is consistent with the limited employment opportunities and generally weaker labour markets in rural areas.

A recent study by HRSD examined the impact of EI reform on rural communities in comparison to non-rural communities.⁹ The study determined that the impact of EI reform on the likelihood that a worker would have sufficient insurable employment to qualify for benefits was no different among rural than among non-rural workers. In addition, the study determined that the average length of entitlement to EI benefits was unaffected by EI reform for both rural and non-rural communities.

A second HRSD study examined how the incidence of EI usage at the community level changed during the period from 1990 to 1997 and concluded that EI reform did not appear to have any systematic difference in impacts by community size.¹⁰ The study found that EI usage was proportionately higher in smaller communities, particularly rural areas, and was lowest in urban areas of more than 500,000 people. The study also confirmed that the proportion of workers who received EI varied significantly by industry, with receipt rates being highest in the construction industry and lowest in the finance, insurance and real estate industry, regardless of community size. The study also concluded that irrespective of the industry a person was employed in, benefit receipt rates tended to be higher in rural communities. This analysis will be updated for future reports as more current information becomes available.

⁸ In Yellowknife, the actual unemployment rate is not calculated by Statistics Canada as the territories are not surveyed in the Labour Force Survey (LFS).

⁹ Forthcoming paper – *EI Reform and Rural Communities*, Audit and Evaluation Directorate, HRSD.

¹⁰ Forthcoming Paper – *Community Size and the Variation in EI Usage By Industry and Education Level and Family Composition*, Audit and Evaluation Directorate, HRSD.

IV. EI and Individuals

In 2002/03, the EI program assisted 1,870,000 individuals with temporary income support and nearly 638,000 with Employment Benefits and Support Measures (EBSMs).¹¹ The impact and effectiveness of EI from the individuals' perspective is assessed by examining the accessibility and adequacy of the EI program.

Access to Benefits

Accessibility to the program is a critical element in determining the degree of assistance that EI provides. The EI program is Canada's largest social insurance program, with approximately 1.9 million individuals accessing the program during the reporting period. As in past years, the issue of access is addressed using a variety of measures. First, access is examined from the standpoint of working Canadians who paid EI premiums. In this context, the analysis examines what access would have been for those who remained employed, as well as for those individuals who lost their job at some point during the reference period. Second, access is examined from a broader perspective that includes all individuals who were unemployed. Third, specific groups are considered by examining access for immigrants, youth, low-income seasonal workers and fishers. Finally, the analysis looks at access to special benefits (maternity, parental and sickness) and Employment Benefits and Support Measures. As part of an ongoing effort to ensure the transparency and efficacy of the coverage measures, a review of these measures will be conducted by external experts in preparation for the *2004 Monitoring and Assessment Report*.

Access to Regular Benefits

Employed Population

According to simulations based on the Survey of Labour and Income Dynamics (SLID),¹² 88.1% of employed workers would have been able to collect EI benefits if they lost their jobs in December 2001.¹³ The high level of eligibility is significant as there were approximately 13 million individuals in paid employment in 2002/03.¹⁴ This rate of coverage for the employed population has remained relatively constant since first being reported in the *1999 Monitoring and Assessment Report*. The remaining 11.9% of paid workers did not have enough hours of insured employment to meet the eligibility requirements needed to establish an EI claim. Women had a slightly lower rate of eligibility (85.2%) relative to men (90.8%), reflecting their different work patterns as women are more likely than men to work part time. However, it is important to note that 95.6% of women who worked full time were entitled to collect EI if they had lost their job, a rate of access that was similar to that of men (96.2%) working full time. Moreover among part-time workers, women's rate of eligibility was 56.8% compared to 40.5% for men who worked part-time.

Evidence also indicated that despite significant variations in unemployment rates and local labour market conditions, access to EI benefits was similar across all regions of the country, ranging between 86% and 89% (refer to Chart 1). This is indicative of the responsiveness of the EI program to regional fluctuations within

¹¹ Note that adding these numbers to determine the total number of individuals benefiting from the program would result in double counting as most EBSM participants also collect Part I income benefits.

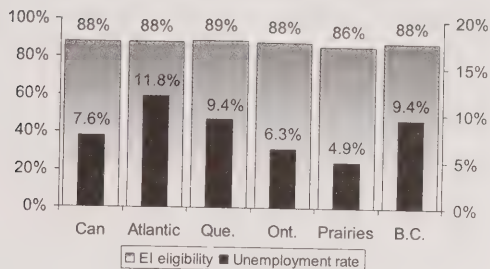
¹² The simulations using the Survey of Labour and Income Dynamics (SLID), Statistics Canada. The SLID was designed by Statistics Canada to examine the labour market history of individuals. Refer to Annex 5 for a more detailed description of the coverage methodology using the SLID.

¹³ Forthcoming paper – *EI Coverage of the Employed Population: A Simulation Exercise*, Data Probe Economic Consulting Inc. and HRSD. Based on the Survey of Labour and Income Dynamics (SLID), Statistics Canada. The SLID was designed by Statistics Canada to examine the labour market history of individuals. Refer to Annex 5 for a more detailed description of the coverage methodology using the SLID.

¹⁴ Calculated using annual averages of seasonally adjusted data from Statistics Canada's Labour Force Survey. Please note that the number of contributors to the EI program may be higher than individuals in paid employment because the paid employment figure is averaged over the year.

the labour market. As the unemployment rate rises in a particular region and it is more difficult to find work, the EI program adjusts eligibility requirements and entitlement to reflect the current economic reality.

Chart 1: EI Eligibility Among Paid Workers and Unemployment Rate, by Region, December 2001



It should be noted that the EI program has specific provisions for contributors who are unlikely to qualify. Individuals with insured earnings of less than \$2,000 are entitled to a refund of their EI premiums when they file an Income Tax Return. According to Canada Revenue Agency data, in 2001, nearly \$17 million in EI premiums was refunded to 858,827 individuals, representing 6.7% of those in paid employment. Furthermore, an analysis using Survey of Labour and Income Dynamics data shows that eligibility among workers increases by two percentage points, from 88.1% to 90.1%, when workers who earned less than \$2,000 are excluded from the population.

Unemployed Population

Access to EI benefits among the unemployed population was also examined. Results from the Employment Insurance Coverage Survey (EICS) indicated that nearly 84% of the unemployed targeted by the EI program were potentially eligible to collect EI in 2002. This is significant because it shows that overall access increased by about one percentage point over the previous

reporting period. The analysis also demonstrates that access for adult women increased by 5.2 percentage points to 88.9% and access for adult men rose by 0.9 of a percentage point to 91.7%. These increases in access reflect increased hours worked due to the stronger labour market in 2002.

Comparing results for the employed versus the unemployed indicates that access tends to be lower for the unemployed. The lower potential eligibility for the unemployed (83.9% compared to 88.1% for the employed) suggests that the unemployed population has a greater proportion of individuals with a more tenuous attachment to the work force, making them somewhat less likely to be potentially eligible for EI benefits due to insufficient insurable hours of work.

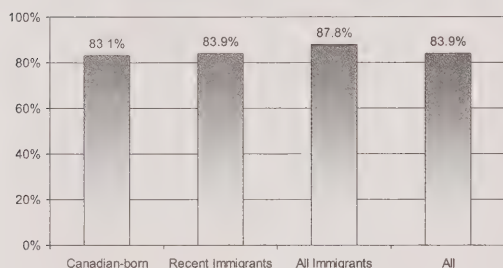
Another approach to assessing access to EI for the unemployed is the beneficiary to unemployed (B/U) ratio. The B/U ratio is a commonly cited measure, comparing the number of workers receiving EI regular benefits with the total number of unemployed individuals at any given time. The B/U ratio declined from 47.0% to 45.4% in 2002/03 as the number of EI beneficiaries increased by less than the total number of unemployed in the reporting period. While the B/U ratio has the advantage of simplicity, it includes unemployed individuals for whom EI regular benefits were not designed. For example, the B/U ratio includes self-employed individuals who did not pay premiums, those who have never worked or who have not worked in the past 12 months, and those who voluntarily quit their job without just cause. As a result, it is a measure of coverage of a group that is much broader than that targeted by the EI program.

Immigrants

The analysis has been expanded this year to examine access for unemployed immigrants using the Employment Insurance Coverage

Survey (EICS). Findings indicated that among the target population, recent immigrants (those who have been in Canada less than 10 years), were as likely as Canadian-born workers to be eligible for EI benefits, and immigrants, overall, were more likely to be eligible than Canadian-born workers (refer to Chart 2). Further analysis will be undertaken to examine the impact of the higher entrance requirement provision for new entrants and re-entrants on the accessibility of EI for recent immigrants.

Chart 2: Coverage of the Unemployed: Canadian-born and immigrants, 2002 (EICS)



Youth

Accessibility for youth was also examined, as young workers tend to have less work experience. At the time of EI reform, higher eligibility requirements were implemented for new entrants and re-entrants (NEREs) to ensure that workers, especially new workers, establish a significant attachment to the labour force before becoming eligible for EI benefits. Workers who enter the labour market for the first time (new entrants) and those who have limited work experience in the last two years (re-entrants) require 910 insured hours to qualify for EI rather than the variable entrance requirement for the region where they live. It was noted in previous reports that this element of the program is achieving its objectives given that a larger proportion of individuals new to

the work force are qualifying for EI with more hours of insured employment than prior to reform.¹⁵

An analysis based on a simulation of the employed population using the SLID, indicates that 64.8% of employed youth would have been eligible to receive EI if they had lost their job in December 2001. This is significantly lower than the coverage rate of 88.1% for all workers and reflects the higher entrance requirement for new entrants and fewer hours worked by youth. Similarly, the EICS, suggests that 55.5% of unemployed youth who were part of the EI target unemployed population were eligible to receive EI benefits in 2002. As with the employed population analysis, the remaining 45.5% did not work enough hours of insurable employment to qualify.

Low Income Seasonal Workers

An HRDC study published in 2001 examined the impact of EI reform on individuals with seasonal work patterns who earned less than \$12,000.¹⁶ The study concluded that 76.4% of workers with seasonal work patterns who earned less than \$12,000 in the previous year qualified for EI compared to 82.1% of all seasonal workers. However, the study found that the group of seasonal workers that was ineligible for EI benefits tended to be young, single, and have some post-secondary education. They were also more likely to report quitting for the purpose of returning to school or to take a new job. It is interesting to note that the regional, industrial and demographic profiles of seasonal workers who earned less than \$12,000 and were eligible to collect EI benefits, were consistent with seasonal workers overall.

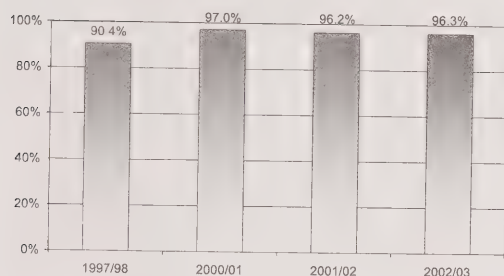
¹⁵ Forthcoming study – *EI Reform and New-Entrants/Re-Entrants to the Labour Market*, Audit and Evaluation Directorate, HRSD.

¹⁶ *EI Reform and Seasonal Workers that Earn Less than \$12,000*, Evaluation and Data Development, Strategic Policy, HRDC, 2001.

Access to Fishing Benefits

Although fishing benefits represent a relatively small part of the EI program, they play an important role in providing income support within fishing communities. Unlike regular benefits, eligibility for fishing benefits is based on insured earnings rather than insured hours. Under the earnings based system, fishers can qualify for benefits with a minimum of between \$2,500 and \$4,199 in insured earnings from fishing, depending on the unemployment rate in their region. For new entrants and re-entrants to the fishery, a minimum of \$5,500 of earnings is required to qualify. As with regular benefits, the threshold for new entrants and re-entrants is significantly higher to encourage a greater degree of work force attachment before becoming eligible for EI benefits.

Chart 3: Proportion of Fishers Who Qualify with Earnings in Excess of the New-Entrant Eligibility Requirement



As in past years, the analysis indicates that the earnings based threshold and the new-entrant threshold of \$5,500 may be too low given the overall level of revenues in the fishery. The analysis shows that nearly all fishers (96.3%) qualify with insured earnings in excess of the new-entrant threshold (refer to Chart 3) and over 70% qualify with insured earnings of \$10,500 or greater. The relative ease with which fishers are meeting the entrance

requirement raises concerns as the EI program may be encouraging more individuals to enter the fishing industry than otherwise would be the case. Of particular note is the increasing trend of women's fishing claims, which grew again in 2002/03 by more than 20%.

A further analysis is required to assess the impact of EI fishing benefits on the commercial fishery. As referred to in Chapter 2, this analysis would need to encompass bridging EI Administrative data with fishery data maintained by Fisheries and Oceans Canada, the Canada Revenue Agency, and the provinces of Newfoundland and Labrador and Quebec.

Access to Special Benefits

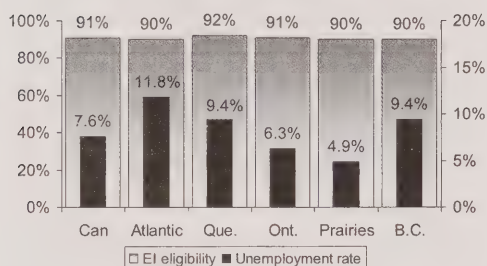
In addition to assisting Canadians who are unemployed and seeking to re-enter the work force, EI also plays an important role in supporting working Canadians who are too sick to work or who need to stay at home with newborn or newly adopted children. In this section access to maternity, parental, and sickness benefits is examined.¹⁷

An analysis using the Survey of Labour and Income Dynamics (SLID) indicated that 90.9% of employed workers would have been eligible to receive special benefits in December 2001 had they needed to access such benefits. Further, eligibility was consistently high across the country, ranging from 90% to 92% (refer to Chart 4). This is of particular importance as it indicates that the eligibility threshold for special benefits ensures equitable access for those who contribute to EI. Eligibility for individuals who worked exclusively full time was 97.3% for both men and women, compared to 61.2% for individuals who worked exclusively part time. In the case of part-time workers, 64.5% of women would have been eligible to collect EI special benefits compared to 52.9% of men. As noted in

¹⁷ The Compassionate Care benefit became effective in January 2004 and, as such, will be monitored and assessed beginning in next year's report.

previous Monitoring and Assessment reports, the lowering of the entrance requirement from 700 to 600 insured hours, which took effect on December 31, 2000, has improved access to all special benefits. In 2002/03, 19,200 new special benefits claims were established by claimants with between 600 and 699 insurable hours.

Chart 4: Eligibility for Special Benefits Among Paid Workers and Unemployment Rate, by Region, December 2001



Maternity Benefits

An analysis using the EICS indicated that among women with children aged 12 months or less in 2002, 85.1% of those with insurable employment received maternity and/or parental benefits. This represents an increase from 80.9% in 2001 and 79.2% in 2000. In addition, a recent analysis using COEP data¹⁸ reveals that more than 90% of women who left their employment for maternity leave in 2001/02 had enough hours to qualify for benefits.¹⁹ These findings are significant as they indicate that the vast majority of women in paid employment can access maternity and parental benefits even though a high proportion of women work part time.

In 2002, a pilot project was launched to ensure that mothers on preventative withdrawal²⁰

from work were able to access full benefits for the entire 50 weeks of EI maternity and parental benefit leave.²¹ Under the pilot project, women in receipt of preventative withdrawal benefits have the option of either receiving partial EI benefits in addition to preventative withdrawal benefits or postponing EI maternity and parental benefits until after their preventative withdrawal benefits have terminated. After one year of the pilot, 240 of the 422 participants, or 57%, have chosen to extend their benefit period by postponing their EI and maternity benefits. These results are preliminary as they reflect only the first year of a three-year pilot project. The Department will continue to monitor and assess the project in future Monitoring and Assessment reports and an evaluation is expected to be completed in the 2004/05 fiscal year.

Parental Benefits

The parental benefits enhancements, effective on December 31, 2000, included several changes designed to improve benefit flexibility and to promote increased take-up by men. The number of parental claims established by men increased by 25.9% in 2002/03 compared to an increase of 77.8% in 2001/02, suggesting that men's participation in parental benefits is still increasing but at a slower rate likely due to the maturation of the measure. However, it should be noted that women continue to collect the vast majority of parental benefits (86.3%) and collect 30.0 weeks of parental benefits, on average, compared to 13.8 weeks, on average, for men.

The trend of improved sharing of parental benefits, identified in last year's report, has

¹⁸ The Canadian Out of Employment Panel, COEP, is conducted by Statistics Canada on behalf of HRSD for the purposes of evaluating the Employment Insurance system. The survey has been conducted intermittently on a quarterly basis since 1993. The survey focuses on individuals who have recently experienced a job loss. Both EI claimants and non-claimants are interviewed on their labour market transition experiences.

¹⁹ Forthcoming study – *The Qualification for Maternity Benefits and EI Reform*, Audit and Evaluation Directorate, HRSD.

²⁰ Pregnant and nursing women in the province of Quebec receive income replacement for preventative withdrawal if they are employed in a job that is considered to pose a threat to their health or the health of the fetus or baby.

²¹ Forthcoming paper – *Projet pilote de retrait préventif*, Audit and Evaluation Directorate, HRSD.

continued. The increase in sharing of parental benefits is reflected in the ratio of parental to maternity claims. In 2002/03 there were 1.11 parental claims for every maternity claim, increasing from 0.96 parental claims per maternity claim in 1998/99, the fiscal year prior to the implementation of enhanced parental benefits. In addition to extending duration and improving accessibility, the enhancements to parental benefits also improved flexibility by allowing parents who share benefits to serve only one waiting period instead of two. In 2002/03, nearly 13,500 parental claims for men had their waiting period waived, providing further evidence of the increased sharing of benefits among parents.

The extension of EI maternity and parental benefits was accompanied by corresponding extensions for job protection under federal and provincial labour codes. In this context, a recent study examined the impact of provincial maternity and parental leave policy on the employment rates of women with young children. The study found that the employment rate of women with children two years of age or younger, increased by 2.8% to 3.6% in the presence of job protected leave,²² which is consistent with findings from other international studies.²³ The study also found that job protected leave results in a larger increase in the employment rate of women with high school education than those who are university educated. This may be due to the fact that employment rates among those with a post-secondary education tend to be higher regardless of labour market policies. These findings are supported by a second study that found it is not necessarily the right to paid

leave that is important, but the right to job-protected leave (paid or unpaid) that is relevant for the employment rate of women with young children.²⁴

Sickness Benefits

During this reporting period, the number of sickness claims increased by 5.5%. When broken down by claim type, EI Administrative data indicate that the increase was primarily due to an increase in mixed claims by women, which rose by 12.3% in 2002/03 compared to a decline of 3.6% in 2001/02. This increase is likely attributable to the extension of the maximum number of weeks of special benefits from 50 to 65 weeks for biological mothers who claim sickness benefits prior to or following maternity or parental benefits, which became effective on March 3, 2002 (refer to Annexes 6 and 7). Nearly all (99.5%) of the increase in mixed sickness and maternity/parental claims can be attributed to an increase in women claiming sickness benefits prior to collecting maternity/parental benefits.

Access to Employment Benefits and Support Measures

Individuals can also access re-employment assistance under Part II of the EI program. Employment Benefits and Support Measures (EBSMs) are designed to develop the skills of unemployed Canadians and to help them to obtain and retain employment. As noted in Chapter 3, 637,754 individuals accessed active employment measures in 2002/03, an increase of nearly 12% over the previous reporting period.

Participation in EBSMs increased for all client types: active EI clients, former EI clients and non-insured clients. While the overall increase

²² Adrienne ten Cate, *The Impact of Provincial Maternity and Parental Leave Policies on Employment Rates of Women with Young Children in Canada*, McMaster University, Department of Economics, Working Paper Series no. 2003-03.

²³ Ruhm (1998) suggested a 3 to 4 percent increase in the employment rate for women in European countries and Zveglic and van der Meulen-Rodgers (1998) found a 2.5 percent increase in Taiwan. These studies are cited in ten Cate (2003).

²⁴ Shelley Phipps, Peter Burton and Lynn Lethbridge, *In and Out of the Labour Market: Long-Term Income Consequences of Child-Related Interruptions to Women's Paid Work*, *Canadian Journal of Economics*, 34: 411-429, 2001.

in EBSMs paralleled that of active EI clients, it is interesting to note the significant increase of more than 16% among non-insured clients. This increase reflects the economic recovery in the reporting period given that positive economic conditions and increased job opportunities can encourage unemployed workers to request services that will help them to return to work more quickly.

Overall participation declined in long-term employment programs and increased in the shorter term employment services, consistent with the economic recovery during 2002/03. Among the employment programs, participation increased considerably in Self-Employment, more modestly in Job Creation Partnerships, and declined for all other employment program interventions, including Skills Development. Increased participation in Self-Employment and Job Creation Partnerships can also be considered to be consistent with a stronger labour market as these programs are directly related to the immediate creation of new jobs as opposed to the development of new skills.

Participation by designated groups in Part II programs remained relatively stable for all groups compared to previous years, increasing by less than a percentage point for each group.

The key EBSM short-term indicators, returns to work and unpaid benefits, both increased in 2002/03. Returns to work measures the number of insured participants who have received support through EI Part II and are working in paid employment. For 2002/03, returns to work increased by 18.1% to nearly 222,000 clients. Unpaid benefits, or the difference between a claimant's maximum entitlement to Part I

benefits and the number of weeks of benefits actually paid, increased by more than 25% in 2002/03. A further measure, returns to work by intervention, showed that approximately 74% of EBSM clients who returned to work participated in only one intervention.

ADEQUACY OF BENEFITS

As in previous reports, the adequacy of EI benefits is examined from a variety of perspectives. Adequacy is examined in terms of the level of the average weekly benefit, particularly with respect to low-income claimants with children. Adequacy is also examined in terms of the duration of regular and special benefits.

Level of Benefits

In analyzing the adequacy of EI benefits, it is important to examine the degree to which average weekly benefits reflect changes in the average industrial wage.²⁵ Overall, the analysis indicates that the average weekly regular benefit under EI has been increasing at a rate that exceeds the growth in the average weekly earnings of the industrial wage. Since 1996/97, the average weekly benefit rate for regular benefits has increased from \$272 to \$309, or by 13.7%, exceeding the growth rate of the industrial wage by 3.1 percentage points.²⁶ During this reporting period, the average weekly benefit for total benefits increased from \$304 to \$308, representing an increase of 1.5% over 2001/02. This is significant because it demonstrates that EI benefits continue to adjust in relation to rising average wage rates. It is important to note that part of the cumulative increase in the average weekly benefit rate is attributable to the elimination of the intensity

²⁵ The methodology used to obtain the average industrial wage is now based on a year-over-year (June 30, 2002 to June 30, 2003) calculation as outlined in the EI Act. This methodology differs from that used in the *2002 Monitoring and Assessment Report* as the average industrial wage was calculated by fiscal year. This year's figures are published in the Report on the Maximum Yearly Insurable Earnings (2003 and 2002) from HRSD's Actuary's Office.

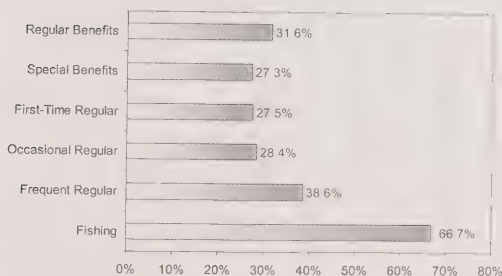
²⁶ The average annual earnings of the industrial wage increased from \$32,237 in 1996/97 to \$35,655 in 2002/03, which represents an increase of 10.6%. Results on the average weekly earnings of the industrial wage were obtained from the Statistics Canada publication *Employment Earnings and Hours*, Catalogue no. 72-002-XIB.

rule and the national implementation of the Small Weeks provision.

In addition to examining the growth in the average weekly benefit rate, the proportion of clients at the maximum benefit rate (\$413) was also examined. At the time of reform, concerns were raised that the maximum insured earnings (MIE) was substantially higher than the average industrial wage. As a result, the MIE was frozen at the time of reform at \$39,000 until the average industrial wage increases to an equivalent level.²⁷

The analysis from this reporting period indicates that the MIE remains 9.4% above the average industrial wage (\$35,655). The analysis also indicates that the proportion of regular claims in receipt of the maximum weekly benefit rate increased from 30.0% in 2001/02 to 31.6% in 2002/03, reflecting increases in average wage rates.²⁸ It is important to note that first-time and occasional claimants are much less likely to be in receipt of the maximum benefit rate than frequent claimants and fishing claimants (refer to Chart 5).

Chart 5: Percentage of EI Claims Receiving the Maximum Weekly Benefit Rate



In examining the adequacy of benefits, it is important to note that the benefit repayment provision was modified, effective tax year 2000, to better target higher income repeat claimants. The analysis for tax year 2001 indicates that the modifications resulted in higher net EI benefits for regular beneficiaries as the repayment of approximately \$21.2 million in benefits by first-time recipients and \$53.7 million by recipients of special benefits was not required. In 2001, 83,981 individuals repaid some of their EI benefits, a significant decline of 41.7% over 1999 (refer to Annex 2.14).

As in previous years, the vast majority (91.3%) of claimants affected by the repayment provision were men. The number of men affected by the repayment provision declined by 38.7% versus a decline of 61.8% for women. The larger decline for women is associated with the fact that women make greater use of special benefits, which are now exempt from the repayment provision. These findings indicate that the modifications to the repayment provision have resulted in higher net benefits for many EI beneficiaries.

Benefits to Low-Income Families – Family Supplement

Adequacy of EI benefits is also assessed by examining the effectiveness of the Family Supplement in providing additional income support to low-income families with children.²⁹ The Family Supplement replaced the 60% dependency benefit rate for low-income individuals with dependent children under previous legislation (Unemployment Insurance) and was designed to better target assistance to

²⁷ Since 1997 the MIE has been \$39,000. Under section 5 of the EI Act, the MIE is adjusted based on the average weekly earnings of the industrial aggregate. Prior to 1997 the MIE was indexed each year based on an eight-year moving average of employees' annual average earnings.

²⁸ Data on the average industrial wage was taken from the Report on the Maximum Yearly Insurable Earnings for 2003 and 2002 (HRSD's Actuary Office). Data on the benefit rate were taken from the August 2003 Status Vector.

²⁹ Includes all claim types (regular, fishing, special).

low-income claimants.³⁰ The Family Supplement increases the benefit rate from 55% to 80% for unemployed parents with net family incomes of \$25,921 or less.³¹

As indicated in Chapter 2, nearly 183,000 individuals received the Family Supplement top-up during the reporting period. In total, \$182.5 million in additional benefits were paid to low-income families during this reporting period, an increase of 3.8% from 2001/02, with the average weekly top-up being \$42. As noted in previous reports, the number of beneficiaries receiving the Family Supplement has declined since 1998/99 and can be traced to family income increasing while the Family Supplement threshold remains fixed at \$25,921. A recent HRSD study confirmed that the fixed threshold has led to a decreased share of Family Supplement claims relative to all EI claims.³² In the current reporting period, the proportion of all beneficiaries receiving the Family Supplement remained stable at 9.8%, as did the proportion of Family Supplement recipients among regular beneficiaries (8.7%).

Concerns had been raised at the time of reform that increasing the benefit replacement rate to low-income families from 60% to 80% may reduce work incentives. However, an HRSD study, updated for this report, concluded that there does not appear to be a disincentive effect. The study found that between 1994 and 2002 the average number of weeks on UI/EI, excluding maternity and parental benefits, decreased by 1.0 week for claimants in receipt of the dependency rate/Family Supplement and 2.7 weeks for other claimants.

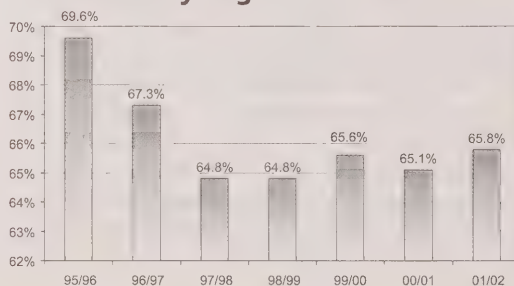
It is also important to note that women continue to be the primary recipients of the Family Supplement. Total Family Supplement

payments to women increased by just over 9% while payments to men declined by almost 10%. The share of total Family Supplement benefits paid to women increased nearly 4 percentage points to just over three-quarters. The increase can be traced to the enhancement of parental benefits, as women account for nearly three-quarters of all special benefits claims. Women's share of regular EI claims with the Family Supplement was 65%. It is also important to note that 15.6% of women claimants are entitled to the Family Supplement in comparison to 4.9% of men who claim EI.

Regular Claim Duration

Regular EI beneficiaries can receive between 14 and 45 weeks in income support depending on the region in which they establish a claim. EI reform reduced the maximum number of weeks from 50 to 45 weeks. This had led to concerns about the adequacy of EI benefits for claimants who are between jobs. As in previous reports, results indicate that, on average, regular beneficiaries collected less than two-thirds of the weeks that they were eligible to receive (refer to Chart 6).³³ This is significant because it indicates that the proportion of entitlement used remained stable during the economic slowdown of 2001/02.

Chart 6: Proportion of Entitlement Used by Regular Claimants



³⁰ Please refer to Annex 1 of the 2000 Monitoring and Assessment Report for more detailed information on the Family Supplement replacing the dependency provision that existed under Unemployment Insurance.

³¹ Like other claimants, claimants receiving the Family Supplement are subject to a maximum weekly benefit of \$413.

³² Forthcoming study – Family Supplement, Audit and Evaluation Directorate, HRSD.

³³ It is important to note that the data and analysis on claim duration are lagged to reflect the 2001/02 period in order to measure completed claims.

The percentage of entitlement used was highest in Newfoundland and Labrador (74.9%), Prince Edward Island (74.9%), New Brunswick (69.3%) and Nova Scotia (68.8%), reflecting higher unemployment rates and fewer job opportunities in these provinces. The percentage of entitlement used was lowest in Ontario, where the average entitlement used increased significantly in 2001/02 from 60.8% to 63.9%. This is consistent with the slowdown in the goods-producing sector in 2001/02. Men, on average, used 64.9% of their entitlement to regular benefits, which is consistent with previous years. Women used 67.1% of their entitlement, on average, which is also about the same as in the previous period (66.9%).

Another way to assess whether the number of weeks of entitlement is sufficient is to examine the degree to which claimants exhaust all of their weeks of benefits. Results for 2001/02 indicated that the proportion of regular beneficiaries who used all their weeks of benefits increased by 0.5 percentage points to 30.8%, despite the economic slowdown in 2001/02. Moreover, the proportion of frequent claimants who exhausted their benefits remained stable at 24.4%.

The proportion of women who exhausted benefits (33.2%), although stable over the previous reporting period, was slightly higher than men (29.2%). The higher exhaustion rate for women may be attributable to the fact that women, on average, are entitled to fewer weeks of benefits (31 versus 33 weeks for men) as a consequence of establishing a claim for benefits with fewer hours of insurable employment. It is important to note that on average, youth (<25 years) had the lowest (29.0%) exhaustion rate among all age cohorts, which is attributable

to the fact that they frequently enter and exit the labour market while attending school. In comparison, older workers (55+ years) had the highest exhaustion rate at 38.9%, which may be due to the greater level of difficulty they experience in re-entering the work force.

Overall, the analysis indicates that the proportion of EI claimants exhausting their entitlement has decreased. Since 1995/96, the proportion of regular claimants exhausting their benefits has declined from 36.5% to 30.8% (refer to Chart 7).

Chart 7: Proportion of Regular Claimants Exhausting Benefits



At the time of EI reform, concerns were also raised that more individuals may need to turn to social assistance because their maximum weeks of entitlement had been reduced. Findings from an ongoing HRSD study indicate that only a small proportion of individuals who lost their job moved on to social assistance 10 to 12 months after job loss.³⁴ The study concluded that use of social assistance by EI clients declined from 6.2% in 1995/96 to 2.5% in 2000/01 and increased slightly to 3.8% in 2001/02.³⁵ The increase for EI claimants in 2001/02 reflects the economic slowdown in that period. However, it is important to note that the proportion of claimants who turned to social assistance

³⁴ Forthcoming study – *Did the Exhaustion of UI/EI Benefits and the Take-up of Social Assistance Change After EI Reform?* Audit and Evaluation Directorate, HRSD.

³⁵ These results are based on the Canadian Out-of-Employment (COEP) survey, which is conducted approximately 12 months after job separation.

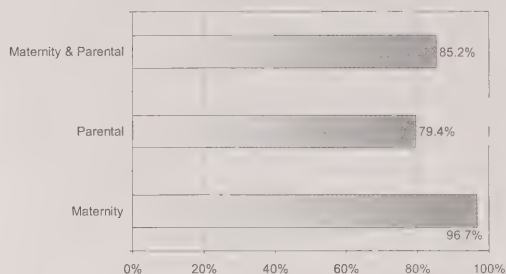
remained significantly lower than in the pre-reform period. Another study, prepared by the former HRDC,³⁶ confirms that only a small proportion of individuals who exhaust their EI entitlement move on to social assistance within a year. However, it also shows that individuals may not appear as social assistance clients until after some time has elapsed.

It must also be acknowledged that some of the decline in EI claimants turning to social assistance may be due to the National Child Benefit, introduced in 1998, which increased payments to low-income families with children. Part of the decline may also be attributable to changes in eligibility for provincial and territorial social assistance programs.

Special Benefits Claim Duration – Maternity & Parental

A key objective of the enhancements to maternity and parental benefits was to allow parents more time to spend at home with their newly born or adopted children by extending the number of weeks that benefits are available. The analysis for this reporting period indicates that a significant portion of the available entitlement is being collected (refer to Chart 8). When parental benefits are combined with maternity benefits and the waiting period, parents are using at least 85.2% of the full year available to them.³⁷ This indicates that the enhancements in parental benefits has met its objectives and provides families with increased flexibility to care for their newly born or adopted children for an extended period of time.

Chart 8: Proportion of Entitlement Used by Maternity and Parental Claimants (2002/03)



A forthcoming HRSD study examines the impact of enhanced parental benefits in terms of determinants of mothers' time at home following childbirth.³⁸ The study finds that prior to 2001, approximately 70% of mothers who received EI had returned to work within seven to eight months following childbirth. However, of mothers who had given birth in either 2001 or 2002, just over 20% of mothers had returned to work in this same time frame. Over 70% of mothers who received EI in 2001 or 2002 were off work for a minimum of 11 months. The study also found that the self-employed, who do not have access to EI benefits, returned to work much more quickly than those in paid-employment. While the lack of income support was seen to be important, the need to maintain their clientele base and network also influences the decision of the self-employed to return to work more quickly.

Concern was expressed at the time of the parental enhancements that only parents in higher income households would be able to take full advantage of the extension of benefits due to the reduction in household income that would likely occur. The HRSD

³⁶ Alex Grey, *Employment Insurance and Social Assistance: Evidence on Program Interaction*, Applied Research Branch, HRDC, January 2002.

³⁷ To ensure that the analysis of weeks paid is based on completed claims, the data cover all parental claims that commenced during the first half of the reporting period. Due to data limitations associated with privacy concerns, these figures are derived solely from administrative data and are therefore based only on average duration of maternity and parental benefits. They do not take into account the sharing of benefits and, consequently, represent a conservative estimate of the use of parental benefits.

³⁸ Forthcoming study – *Determinants of mothers' time at home after childbirth: The role of maternity and parental leave policy*, Adrienne ten Cate, HRSD.

study referred to above also found that overall household income in the month before childbirth did not significantly affect the duration of time at home. These findings are consistent with a second study³⁹ that found that a mother's own wage was more important than overall household income in determining whether she returned to work within nine months of childbirth.

The analysis also indicates that the Family Supplement is working as intended by ensuring that lower income claimants can fully access maternity and parental benefits. The analysis indicated that beneficiaries in receipt of the Family Supplement collected, on average, 1.3 weeks of maternity and parental benefits more than all claimants (43.6 weeks versus 42.3 weeks). This suggests that the Family Supplement top-up is allowing lower income workers to stay home with their children.

Under the EI Act and Regulations, employers and provinces are encouraged to provide financial support to enhance EI benefits. It is thought that these voluntary top-ups, referred to as Supplementary Unemployment Benefits (SUB), may influence the length of time that individuals collect maternity and parental benefits. In the *2002 Monitoring and Assessment Report*, a commitment was made to examine the issue of top-ups to EI benefits. The HRSD study on determinants of mothers' time at home after childbirth examined the issue of top-ups. Using data from the Employment Insurance Coverage Survey, the study examined mothers who received EI and were in receipt of a top-up. The study found that those who received a top-up were less likely to have short leaves and were more likely to return to work within one year. This could be because receiving a top-up is often conditional upon returning to the same employer after childbirth and returning within

a specified amount of time. The study also determined that the probability of receiving a top-up to EI was significantly associated with household income and a mother's education. Among mothers who received EI benefits, those who had a higher household income in the month before childbirth and those who were university educated were more likely to receive a top-up than other mothers.

Special Benefit Claim Duration – Sickness

EI claimants can access up to 15 weeks of sickness benefits. An analysis of the adequacy of sickness benefits was undertaken by examining the number of weeks of sickness benefits collected. The analysis indicates that, on average, claimants collected 9.6 weeks or 64% of the maximum entitlement. In addition, one-third of sickness beneficiaries collected the maximum 15 weeks of benefits. Overall, these results indicate that the 15 weeks of sickness benefits provided by the EI program is meeting the needs of most claimants. It should also be noted that nearly half (49.1%) of sickness claimants collected between 11 and 15 weeks of benefits, with 21.6% receiving between 6 and 10 weeks, and 29.3% receiving between 1 and 5 weeks of benefits.

A preliminary comparison, using EI Administrative data, of claimants who collected the maximum 15 weeks of sickness benefits to those who collected less than the maximum did not show any significant difference with respect to gender and only a slightly higher proportion of claimants over 45 years of age. Average weekly benefits for claimants who collected sickness benefits for 15 weeks were \$273, which is not significantly different than the average benefit for all sickness claimants (\$276). The analysis also determined that slightly less than two-thirds of all claimants

³⁹ Katherine Marshall, *Benefiting from Extended Parental Leave*, Statistics Canada, March 2003, Catalogue no. 75-001-XIE.

who collected the maximum 15 weeks of sickness benefits received sickness benefits exclusively, that is, sickness benefits were not collected in conjunction with regular or maternity/parental benefits. The exhaustion of sickness benefits will continue to be monitored and assessed in future reports.

V. Promoting Work Force Attachment

In addition to providing adequate temporary income support, an important objective of EI is to encourage greater work force attachment. As a result, the EI program has been designed with certain features that are meant to strengthen the link between work effort and benefits. While there are several features within the program that are intended to encourage labour force attachment, the analysis in this chapter focuses on three specific elements: the divisor, working while on claim, and the Small Weeks provision.

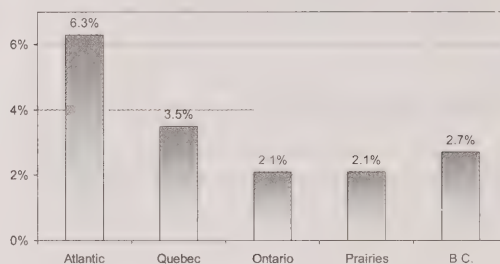
Divisor

Under the "divisor" rule, all claimants are required to work two weeks beyond their minimum entrance requirement to be entitled to full benefits.⁴⁰ As noted in previous reports, the analysis indicates that the proportion of individuals who did not work at least two weeks beyond their minimum entrance requirements dropped from 6.0% just prior to EI reform to 3.9% immediately after the divisor was implemented to 2.5% by the end of 1997.⁴¹ This proportion has remained relatively stable since, indicating that the divisor encouraged a significant behavioural adjustment.

As indicated in Chart 9, a higher proportion of workers in the Atlantic provinces and Quebec are affected by the divisor than in Ontario and

the Western provinces. In the Atlantic region, where unemployment rates are higher and seasonal work is more frequent, just over 6% of claimants failed to find the extra two weeks of work.

Chart 9: Proportion of Regular Claims Affected by the Divisor, by Region 2002/03



Working While on Claim⁴²

The working-while-on-claim provision allows claimants to earn the greater of 25% of their weekly benefit rate or \$50, referred to as allowable earnings, without incurring a reduction in their weekly benefit rate. Employment earnings above the allowable earnings threshold are deducted dollar for dollar from the claimant's weekly benefit. If a claimant's weekly benefit is reduced to zero, that week of entitlement may be deferred and used later. However, if a claimant only works enough to reduce, but not eliminate his or her benefits for a week, the week still counts as a week of entitlement.

As has been reported in previous Monitoring and Assessment reports, there has been a declining proportion of regular claimants reporting work while on claim (refer to Chart 10). In 2001/02, 56.8% of regular claimants worked while on claim, down from 58.3% in the previous reporting period. Similar to previous reporting periods, the decline in regular claimants working

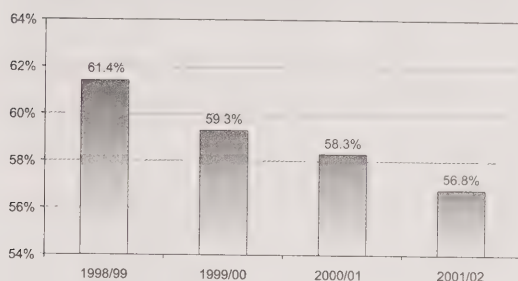
⁴⁰ Refer to Chapter 2 of the 2001 Monitoring and Assessment Report for descriptive information on the divisor.

⁴¹ Forthcoming study – *Has the Relationship between Insured Employment Weeks and Entrance Requirements been Changed by the Divisor?*, Audit and Evaluation, HRSD.

⁴² Analysis of the working-while-on-claim provision has been lagged by one year to ensure that claims are completed. The definition of working while on claims includes all claimants who earned income during their EI benefit period.

while on claim can be directly tied to the reduction in frequent claimants working while on claim. The proportion of regular claimants that worked while on claim, who were frequent claimants, declined from 29.1% in 1996/97 to 22.5% in 2001/02. This represents a decline of 6.6 percentage points compared to an overall reduction of 5.8 percentage points for all claimants working while on claim over the same time period.

Chart 10: Proportion of Regular Claimants Working While on Claim



Evidence from EI Administrative data continues to support the finding that the working-while-on-claim provision may not be encouraging claimants to accept all available work while on claim. As in previous reporting periods, most weeks worked while on claim (64%) were “full” weeks, meaning that earnings were high enough to completely offset the payment of EI benefits for that week.⁴³ Just over one-quarter (27.2%) of weeks worked while on claim had earnings that were insufficient to reduce the claimants’ benefit to zero. Frequent EI claimants were less likely to work a partial week as more than 74.4% of their weeks worked were a “full” week, compared to 61.3% for occasional claimants and 47.6% for first-time claimants. In contrast, only 18.4% of

weeks worked by frequent claimants were partial benefit weeks. This is significantly lower than the 30.3% of weeks worked by occasional claimants and the 40.3% for first-time claimants. An HRSD study using COEP data corroborates the findings from the administrative data, showing that frequent claimants are less likely to work partial weeks relative to full weeks⁴⁴.

Given the complexity of the working-while-on-claim provision, frequent claimants have a much greater knowledge of how the EI program functions and are more reluctant to accept work that pays less than they would collect in EI benefits. Further, as reported in last year’s Monitoring and Assessment report, an external study of the allowable earnings provision corroborates the HRSD findings that the working-while-on-claim provision may not be encouraging claimants to accept all work available and that they may be hesitant to work while on claim unless they can reduce their overall benefits to zero and thereby keep the week of benefits for later use.⁴⁵ These findings suggest that continued monitoring and assessment of the working-while-on-claim provision is required.

Small Weeks

The Small Weeks provision excludes from the benefit calculation weeks with lower earnings (less than \$150), or “small” weeks, so that these weeks will not affect workers’ potential EI entitlement on a future claim, hence encouraging these workers to accept all available work.⁴⁶ Results for 2002/03 indicate that 9.9% of all EI claims established included small weeks. This represents an increase of

⁴³ Refer to Chapter 2 of the 2001 Monitoring and Assessment Report for detailed information on the analysis on the working-while-on-claim provision.

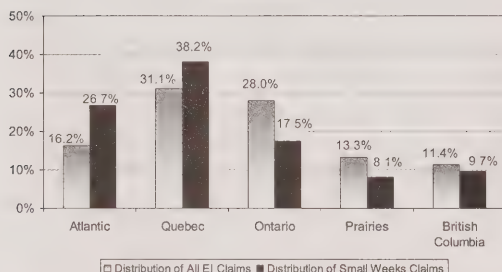
⁴⁴ Forthcoming study – *EI Reform and Working While on Claim*, Audit and Evaluation Directorate, HRSD.

⁴⁵ David Gray & Shawn de Raaf, *The Impact of the Allowable Earnings Provision on EI Dependency*, Social Research and Demonstration Corporation, September 2002.

⁴⁶ Effective September 7, 2003, small weeks earnings were adjusted to \$225 to better reflect increases in wages.

nearly two percentage points over the previous reporting period (8.1%). An analysis using EI Administrative data indicates that the Small Weeks provision is providing clients with a higher weekly benefit rate. On average, weekly benefits were \$227 or \$12 higher in 2002/03 than they would have been without the Small Weeks provision. This compares to \$14 in 2001/02. As noted in last year's report, Atlantic Canada and Quebec have a significantly larger proportion of small weeks claims in comparison to the national distribution of claims (refer to Chart 11). The Small Weeks provision with its revised low earnings threshold (\$225) will continue to be monitored and assessed in future reports.

Chart 11: Distribution of National EI Claims and Small Weeks Claims (2002/03)



VI. Evaluation of Employment Benefits and Support Measures

A two-phase approach has been implemented within the Labour Market Development Agreement (LMDA)/Employment Benefits and Support Measures (EBSMs) evaluation framework. The first phase is comprised of formative evaluations focused on program design, delivery and implementation issues. In the second phase, summative evaluations are focused on programs' outcomes, external

impacts and cost-effectiveness in achieving these results.

Previous EI Monitoring and Assessment reports have presented results from the formative evaluations of EBSMs. This report presents preliminary results from the summative evaluations of British Columbia, Quebec and Newfoundland and Labrador.⁴⁷

BRITISH COLUMBIA

Under the Canada-British Columbia LMDA, the federal and provincial governments work in concert on the design, management and evaluation of the EBSMs. The responsibility for the delivery of the programs and services rests with the federal government. The Canada-British Columbia Joint Management Committee expects to finalize the evaluation report and findings by spring 2004.

The summative evaluation used both quantitative and qualitative methodologies to assess the impacts on clients who completed their program activities in fiscal year 2000/01. Quantitative methods included completed surveys of 2,094 participants and 2,765 non-participants. Qualitative methods consisted of document review, key informant interviews, focus groups, case studies, panel reviews, and a panel of labour market experts. Client impacts were estimated for active EI clients and former EI clients and covered employment benefits (Targeted Wage Subsidy, Self-Employment Assistance, Job Creation Partnerships, and Skills Development) and Employment Assistance Services.⁴⁸

The focus of the evaluation centred around four principal indicators: employment, earnings, EI benefits, and Income Assistance benefits. These impacts were estimated using a

⁴⁷ The methodology used in the summative evaluations is outlined in Annex 5.

⁴⁸ Apprentices and Group Services were excluded from the estimation of client impacts.

variety of statistical techniques for three different post-program time periods.⁴⁹

The preliminary findings under the British Columbia summative evaluation indicate that client results are positive in some areas, while in others there are no significant improvements. An additional analysis is under way to validate and finalize the measurement of program impacts.

While there are indications of positive program impacts on hours worked for active EI clients, this was not the case for former EI clients assisted. The employment impact as a result of interventions and assistance provided to active EI clients was assessed using a variety of approaches, which consistently identified positive employment effects. In terms of hours of employment, male participants had most gains in the first 18 months while female clients exhibited stronger gains in the 19 to 24-month window. These positive impacts were primarily for active EI clients participating in Skills Development and Self-Employment Assistance.

For former EI clients, there were no positive employment impacts overall. Early indications are that former clients have experienced the same or fewer hours of employment in the first 24 months after their participation. The main exception to this was former EI clients taking Targeted Wage subsidies, who experienced positive impacts in terms of hours of employment.

The impact on earnings also appears to be mixed. The estimates of impacts on earnings showed limited gains for active EI clients towards the end of the post-program period. For former EI clients, only those with the Targeted Wage Subsidy as a principal intervention reported an increase in earnings. This is similar to the pattern for employment gains.

Reductions in the use of EI following EBSM participation were minimal at best. Overall, survey findings indicate an increased use of EI by active EI clients, particularly in the 12-month post-program period. There are modest indications, however, of reduced reliance on EI among Self-Employment participants.

This lack of evidence of an overall reduction in EI use, from survey findings, is somewhat consistent with estimates based on Medium Term Indicators.⁵⁰ Results from Medium Term Indicators suggest only very modest decreases in the use of EI for active EI clients in the 12-month post-program period. Reductions in EI use were most notable for those who participated in Self-Employment Assistance and Skills Development. Overall, Medium Term Indicators suggest that active EI clients claimed about one week less in EI benefits during the first 12 months, versus the comparison group, and up to one week less in EI in the second year. Both estimation approaches (survey and Medium Term Indicators) indicate a minimal impact on reducing EI use for active EI clients following participation.

Overall there appears to be no widespread impact on subsequent use of provincial income assistance for former EI clients, but some groups did report reductions. Impacts on provincial Income Assistance benefits use were mixed for former EI clients after program participation. Former EI clients participating in Skills Development, Targeted Wage Subsidy and Job Creation Partnerships saw some decrease in Income Assistance usage. Male participants decreased their use of Income Assistance benefits only during the 19 to 24-month post-program period. The results for female participants were also mixed.

⁴⁹ 1 to 12 months, 13 to 18 months, and 19 to 24 months post-program.

⁵⁰ Both the sample (active EI client Administrative data) and methodology (for net impact estimation) used in the Medium Term Indicators Project differed from that of the survey data analysis.

Given concerns over the need to reduce reliance on government income support assistance, more analysis is being conducted in an effort to understand the patterns exhibited by these preliminary indications of a limited reduction in EI and Income Assistance.

EBSM participants reported positive effects on skills acquisition and interest in further training. Average skill levels of jobs in the post-program period were slightly higher than those of jobs in the pre-program period for all participants.⁵¹ Overall, participants felt that they currently brought higher job skills to the work force. Self-Employment participants had the most positive perception of their skills.

EBSMs may affect attitudes toward future learning. Eighty-nine percent of all participants compared to 76% of comparison group members felt they could benefit from further education to increase their skills. In addition, at the time of the survey, 50% of participants had taken a training course, volunteered or gone back to school in the post-participation period. In contrast, 35% of

comparison individuals said they had either taken a training course, gone back to school or volunteered in the post-participation period.

SUMMARY OVERVIEW - BRITISH COLUMBIA

The following table outlines a summary overview for EBSMs as a whole, based on the evidence discussed above. The findings are presented in terms of the intended effects from EBSM assistance to clients. The outcome indicators included in the summary table represent the principal common indicators of success given the stated objectives of the EBSMs.

With respect to active EI clients, the evidence from the evaluation indicates a basic direction of client impacts that is consistent with the intended effects from EBSMs. It should be noted, however, that the positive assessment for reduced EI dependence is, at most, of a very limited extent.

With respect to former EI clients, the evaluation findings have not identified general evidence of improvements in employment and

**Table 2: Principal Common Results Indicators for EBSMs
Estimated Overall Clientele Impacts to Date Versus Comparison Group**

Employment Benefits and Support Measures Intended Effects	Evaluation Results	
	Active Employment Insurance Clients	Former Employment Insurance Clients
➤ Improved Employment Duration	↑	*
➤ Improved Earnings	↑	*
➤ Reduced Government Income Support		
• Welfare Use	*	*
• Employment Insurance Use	↓	*
	(but at most very limited)	

Source: Human Resources and Skills Development and Government of British Columbia

↑ improvement (increase)

↓ improvement (decrease)

* no improvement

⁵¹ Based on occupational coding for longest pre- and post-job.

earnings, or of reduced reliance on income support. Work will continue to more clearly understand why these outcomes are occurring.

When the analysis of these preliminary patterns is finalized, the joint federal-provincial evaluation will provide more precision on the quantitative estimates of program impacts. It will also present information on the causal factors regarding the results indicated.

QUEBEC

Under the Canada-Quebec LMDA, Quebec is responsible for designing, implementing and evaluating EBSMs. Quebec has a multi-year evaluation plan covering the various aspects of results achievement. To date, Quebec has evaluated its active measures from two approaches. First, it examined termination rates and the reasons for termination. Second, active measures were evaluated with the exception of the Self-Employment Assistance program, which is the subject of a separate study with results expected to be available in the spring of 2004. The study on cost-effectiveness is in the preparation stage.

The preliminary results of the evaluation of the impacts on EI clients are based on surveys with

1,777 participants and 1,016 non-participants, and matching of survey data with the administrative files of HRSD and Quebec's Ministère de l'Emploi, de la Solidarité sociale et de la Famille (MESSF) with the consent of the people who completed the survey.

MESSF provided HRSD with the draft evaluation report, along with a detailed methodology document, in January 2004. HRSD is examining the two reports to better understand the evaluation methodology and the results. The following preliminary results are based on the evaluation data provided by the government of Quebec in August 2003, as well as the draft reports.

Employment outcomes were positive in the post-program period, particularly for former EI clients. There are indications that the employment situation of participants improved during the period following participation in EBSMs. Net impacts varied depending on the employment indicator and the EI client group. The following table presents these results.

For former EI clients, the findings generally indicate significant positive impacts on employment, both in terms of finding a job

Table 3: Employment Outcomes

Employment Indicators	Active Employment Insurance Clients	Former Employment Insurance Clients
Held at least one job in the post-program period (12 months)	*	↑
Held at least one job in the post-program period (18 months)	↑	↑
Held a new job in the post-program period (12 and 18 months)	↑	↑
Employed at the time of the survey (average of 23 months)	*	↑
Number of weeks employed in the post-program period (12 and 18 months)	*	*
Difference in the percentage of weeks employed 12 months pre-/post-program.	*	↑
Difference in the percentage of weeks employed with 30 hours or more 12 months pre-/post-program.	*	↑
Difference in the total number of hours worked 12 months pre-/post-program.	*	↑
↑ Positive and significant result * Non-significant result		

and the total duration of employment over the post-program period.

Active EI clients had an increased likelihood of being employed during the post-program period, both in terms of finding a different job than before the intervention or a new job. In terms of the other employment indicators, notably the percentage of time employed and total hours worked, there were no significant impacts from participation.

The impacts of EBSMs on earnings are positive for former EI clients but are not significant for active EI clients. Similar to the main employment related indicators, EBSMs resulted in positive and significant impacts only for former EI clients. When comparing the before and after program periods, active EI clients reported no significant gains in earnings.

Results on reduced government income support are mixed. Program participation resulted in reduced reliance on social assistance (called employment assistance in Quebec) for former EI clients. However, in terms of net impacts, both former and active EI clients increased their use of EI following program participation.

Skills Development had a significant impact. Overall, Skills Development had a significant effect on employment and earnings for former EI clients. For active EI clients participating in Skills

Development, numerous employment indicators demonstrate positive impacts but earnings impacts remained statistically insignificant.

Despite the positive impacts on employment and earnings for former EI clients, the Targeted Wage Subsidy and a combination of interventions had the effect of increasing the use of Employment Insurance for both active and former EI clients.

SUMMARY OVERVIEW – QUEBEC

As in the case of British Columbia, the following table provides a summary overview for EBSMs as a whole in Quebec, based on the findings discussed above. The outcome indicators included in the summary table represent the principal common indicators of success given the stated objectives of the EBSMs.

Evidence from the evaluation indicates that the EBSMs delivered in Quebec have achieved some of the intended results in terms of increasing employment duration and earnings for former EI clients. The evidence also indicates decreasing reliance on provincial income support assistance, but not EI, for this client group.

With respect to active EI clients, the evaluation evidence indicates an increased probability of being employed during the post-program period, but does not indicate gains in employment duration or earnings (the results

**Table 4: Principal Common Results Indicators for EBSMs
Estimated Overall Clientele Impacts to Date Versus Comparison Group**

Employment Benefits and Support Measures Intended Effects	Evaluation Results	
	Active EI Clients	Former EI Clients
➤ Improved Employment Duration	*	↑
➤ Improved Earnings	*	↑
➤ Reduced Government Income Support		
• Welfare Use	*	↓
• Employment Insurance Use	*	*
Source: Government of Quebec		
↑ improvement (increase)		
↓ improvement (decrease)		
* no improvement		

are not statistically significant). Further, there is no reduction in reliance on government income support assistance. Consequently, based on the findings, it is not possible to conclude that there are positive impacts with respect to results achieved for this client group.

NEWFOUNDLAND AND LABRADOR

The summative evaluation methodology incorporated multiple lines of evidence to assess the impact on clients completing an intervention in fiscal year 2000/01. Survey completions, numbering 2,201 for participants and 2,414 for the comparison group, are being used in conjunction with administrative data to estimate impacts. Qualitative methods, including document review, key informant interviews, focus groups, and case studies have been carried out, and a survey of service delivery staff is planned. Estimates of net client impacts using comparison group data are currently being developed and are not available for inclusion in this report.

A preliminary analysis of survey responses does indicate, however, some valuable information on skills acquisition among EBSM clients. In particular, skills acquisition among Skills Development participants was high—with the majority (90%) having completed classroom training as planned and 93% having received a diploma or certificate. The link between acquired skills and labour market demand was strong with 69% reporting the application of these newly acquired skills on the job.⁵²

In addition, almost half of all survey respondents stated that EBSM participation was an important factor in obtaining the job. These findings were reinforced by the fact that 61% needed specific skills to qualify for the job

and, for half of these clients, the skills were acquired as a result of the EBSM intervention.

Skills enhancement among EBSM participants did not end with the intervention. Following program participation, one-quarter of all EBSM participants enrolled in training, 14% went to school and one-third did voluntary work to augment their skills. More positive attitudes to further training may also be an outcome of program participation, since a majority of EBSM clients (85%) stated that further skills upgrading through additional training and education would be beneficial.

The vast majority of clients also indicated that EBSMs were a significant factor in removing or reducing problems related to finding and keeping a job.

The extent to which the skills and training were successful in achieving the objectives of increased employment and earnings, and reduced dependence on government income support assistance, will be reported in the future. While there are indications that EBSMs are assisting clients in preparing for employment, it has yet to be determined if the programs made a difference in the labour market outcomes of clients in Newfoundland and Labrador.

Future Work

The British Columbia and Newfoundland and Labrador evaluation reports will be completed in spring 2004. Public release will follow later in the year. It is important to note that evaluation results by jurisdiction relate very closely to local socio-economic realities and program design. As such, the results for British Columbia, Newfoundland and Labrador and Quebec are not necessarily representative of the results of EBSMs delivered in other jurisdictions.

⁵² Longest job held post-program.

VII. Work Force – Employer's Perspective

This report includes an expanded analysis from the employer's perspective, specifically with respect to Work Sharing and enhanced parental benefits. An analysis from the employer's perspective will continue to be broadened in future Monitoring and Assessment reports.

Work Sharing

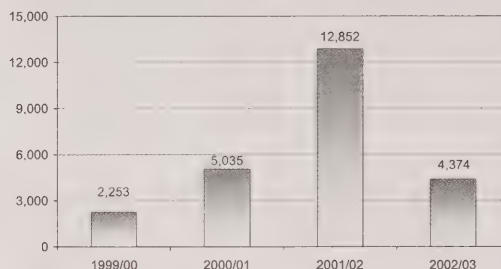
As referred to in Chapter 2, the EI program includes a Work Sharing initiative designed to facilitate a redistribution of work among employees of a firm to avoid layoffs. Work Sharing provides income support to workers eligible for EI benefits who are willing to work a temporarily reduced workweek when there is a reduction in the normal level of business activity that is beyond the control of the employer.

During 2002/03, 15,819 new Work Sharing claims were established and it is estimated that 4,374 layoffs were averted or postponed as a result of Work Sharing agreements. Given that the economy was recovering in 2002/03, the Work Sharing program was used to a far lesser extent than in the previous reporting period (refer to Chart 12), with 67% fewer claims established and 66% fewer layoffs averted or postponed.

A recent study examined the Work Sharing program from the perspective of employers.⁵³ Case studies and interviews with employers were undertaken to examine the rationale behind employers' use of the Work Sharing program by various firms. The results indicated that companies participated in Work Sharing in order to maintain their skilled work force. The key benefit of the Work Sharing program from the firm's perspective is that it

allows them to retain their core work force during temporary slowdowns, thereby avoiding future hiring and retraining costs associated with employee turnover.

Chart 12: Layoffs Averted or Postponed Through Work Sharing



Enhanced Parental Benefits

Prior to the implementation of enhanced parental benefits, concern had been expressed that employers may be unduly burdened in finding and training replacement workers for parents who take an extended leave of absence to care for their newly born or adopted child. In this context it is important to examine the impact of the enhanced benefits from the employer's perspective.

In order to observe the impact of enhanced parental benefits, over 650 employers were surveyed.⁵⁴ Findings from the survey indicate that employers, overall, are very supportive of the extension of parental benefits and have not encountered any major difficulties when their employees take advantage of the enhanced leave. Further, with respect to profitability, growth and the ability to attract and retain workers, the majority of employers have not experienced, or do not anticipate, any negative impacts of the new program. The only exception was small employers who had no experience with employees taking extended parental leave. Small employers who had

⁵³ Forthcoming study – *Findings from the Employer's Perspective from the Evaluation of the Work Sharing Program*, Audit and Evaluation Directorate, HRSD.

⁵⁴ Forthcoming study – *Selected Highlights for EI Parental Benefits*, Audit and Evaluation Directorate, HRSD.

experience with extended parental leave were supportive of the initiative.

VIII. Savings

Introduction

In 1995 it was estimated that EI reform would generate a total of \$2.025 billion or 11.4% of program expenditures in savings by 2001-2002, and that the savings would be achieved through:⁵⁵

- reduced income benefits due to changes made to the claimant's eligibility and benefits (\$1.560 billion);
- increased sanctions for fraud through new and higher penalties for fraud for employers and employees (\$245 million);
- enhanced services for assisting claimants intended to help claimants return to work faster (\$120 million); and
- simplification of program administration (\$100 million).

In order to minimize the impact of reform and to foster the development of skills, a portion of the savings, \$800 million by 2001-2002, was to be reinvested in active employment benefits.

Overview of Total Savings

The task of determining savings, particularly those arising from changes to income benefits is a challenging exercise as it is difficult to distinguish the impacts from structural change in the labour market, changes in the economy and behavioural changes on the part of individuals and employers. It is particularly important to note that the period since EI reform has been characterized by a strong

economy and reduced reliance on the program. In addition, the program has undergone substantial changes following EI reform, which makes it difficult to assess the independent impact of the 1996/97 reforms.

Table 5 provides a summary of the estimated savings and reinvestment in active measures that are attributable to EI reform. It is important to note that this assessment is based solely on the provisions that were introduced at the time of reform and that further amendments, such as enhancements to parental benefits, have been disregarded for the purposes of this analysis.

Overall, Table 5 indicates that total savings from EI are estimated to be \$1.2 billion. While savings from EI reform are lower than originally forecast, they are substantial given that the savings forecast assumed much higher program expenditures. As a result of the strong economy and lower unemployment rates since EI reform, actual expenditures were much lower than those forecasted.⁵⁶

It should also be noted that part of the difference between forecasted and actual savings can be attributed to the savings foregone when the intensity rule and experience rated elements of the benefit repayment provisions were removed from the legislation.⁵⁷ Estimates indicate that, if those provisions had remained in place, a further \$163 million in savings would have been achieved. Table 5 also indicates that savings from increased sanctions for fraud and from administrative simplification were also lower than expected.

⁵⁵ The reduction was determined by forecasting EI expenditures in 2001/02 without EI reform in comparison to forecasted expenditures with EI reform. It was estimated that without reform program expenditures would have been \$17.5 billion in 2001/02.

⁵⁶ At the time of reform EI expenditures of \$17.5 billion were forecasted for 2001/02. Actual EI expenditures in 2001/02 are \$11.5 billion.

⁵⁷ See Annex 7 for details on how and when these provisions were modified.

In conclusion, the \$1.2 billion in savings achieved represents about 10.4% of program expenditures in 2001/02, which is in line with the original estimate.⁵⁸ As noted earlier in this chapter, a summative evaluation of EI income benefits is being undertaken. As part of this work, a final assessment will be done of savings achieved from EI reform. Once completed, these results will be made available in a future Monitoring and Assessment report.

Reduced Income Benefits

The estimate of income benefits savings was calculated using administrative data and a micro-simulation model. Using a micro-simulation model, a sample of claims were recalculated to determine the difference between what would have been paid under the pre-reform UI program and what benefits were paid under the EI program. In assessing savings arising from reduced income benefits, the following provisions introduced at the time of EI reform were assessed:

- Increased entrance requirements for new entrants and re-entrants;
- Maximum Insurable Earnings frozen at \$39,000 per year;
- Maximum weekly benefit rate reduced from \$465 to \$413;
- Reduction in benefit rate for frequent users—repealed in 2000;
- Twenty-six week rate calculation period and divisor used in determining weekly benefit rate;
- Reduction in maximum benefit duration from 50 to 45 weeks;
- Increased clawback provisions—modified in 2000;
- Introduction of family supplement benefits, which increased expenditures; and
- Insurability on an hourly base and from first dollar coverage.

Table 5: Savings Attributable to EI Reform (\$M)

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02 (Maturity)	Estimated Savings at Maturity
Reduced Income Benefits	42	655	799	942	1,008	1,008	1,560
Increased Sanctions for Fraud	1.6	2.4	5.3	16.2	24.4	37.0	245
Enhanced Services	0	37.6	182.2	146.6	143.5	148.7	120
Administrative Savings	2.1	25.3	25.3	25.3	25.4	32.0	100
Total Savings	45.7	720.3	1011.8	1130.1	1201.3	1225.7	2025.0
Reinvestment in Active Measures	175	380	600	700	800	800	N/A

Note: due to rounding, figures may not add to equal the totals.
N/A = not applicable

⁵⁸ Savings of \$1.2 billion represent 10.4% of total EI program expenditures of \$11.5 billion in 2001/02.

Increased Sanctions for Fraud

As part of EI reform, increased sanctions for fraud were introduced. These sanctions included higher entrance requirement thresholds for claimants with prior fraud and financial penalties being imposed on employers involved in fraud and abuse of the EI program. It was estimated that the increased sanctions for fraud would result in savings of \$245 million to the EI Account.

In 2001/02, increased sanctions for fraud resulted in an estimated \$37 million in savings. The vast majority of these savings resulted from claimants not being eligible to establish a claim for benefits due to the increased entrance requirement imposed as a result of prior fraud. It should be noted that the estimated savings of \$37 million does not include all possible savings arising from the increased sanctions. For instance, the above savings do not include claimants who did not apply for benefits knowing they would not qualify due to the increased entrance requirement. Further, the increased sanctions may have altered individual and firm behaviour, which has not been examined in assessing savings.

In 2002/03, 7,100 individuals were unable to establish a claim as a direct result of a higher entrance requirement. Estimated savings for this reporting period were \$36 million.

In addition, over the last few years the EI program has taken a more balanced approach in terms of detection and prevention. There has been a greater focus on prevention activities to ensure that claimants are aware of the programs/sanctions that are in place to detect fraud and abuse. Prevention activities such as Group Information Sessions and other educational campaigns have had the result of reducing the incidence of fraud and abuse and, as a result, the number of sanctions imposed.

However, it is very difficult to determine the impact on fraud and abuse attributable to these preventative initiatives.

Enhanced Service to Canadians

In order to help claimants return to work more quickly, Group Information Sessions were implemented in 1996. The overall objective of the Group Information Sessions is to introduce active interventions early in the claim to help initiate behavioural changes in claimants and help them return to work. These sessions inform claimants of the services available to assist them in re-entering the work force and provide claimants with information on their rights and obligations in order to help them make informed decisions.

It was estimated that savings of \$125 million per year would be realized from this initiative. The savings are attributable to a combination of terminating benefits earlier and claimants returning to work faster. In fiscal year 2001/02 savings attributable to these enhanced services amounted to \$148.7 million.

Administrative Savings

The EI reform introduced an hours-based system that simplified the calculation process. Simplifying the calculation process did initially result in forecasted administrative savings. However, it was necessary to make a number of adjustments to the system to address the results of consultations. Due to the additional complexities that were accommodated, the simplified calculation process did not generate the administrative savings anticipated at the time of reform.

The No Claimant Report Initiative (NO-CR) is the electronic processing of claimants' reports without the submission of a declaration by the claimants. The administrative savings were derived from the reduction in costs from not

having to mail or process bi-weekly reports. Under EI reform, the NO-CR initiative was applicable to clients in receipt of maternity, parental, and apprentice training benefits. Since implementation in July 1996 there has been a steady increase in the use of NO-CR.

In 1994, the cost to Canadian business for administering the ROE was estimated to be \$64.4 millions. After reform, a businesses survey in 1999 estimated to \$25 million (expressed in 1994 dollars) the savings derived from the reform. The 1999 survey of employers found that the new process was simpler and over half of the survey respondents indicated that there were savings as a result of the new process.

Such administrative changes also resulted in administrative savings for HRDC as the data on the ROE was more accurate than previously provided. These savings have not been specifically quantified.

Reinvestment in Active Measures

Funding for active measures under Part II is comprised of the Employment Benefits and Support Measures and similar programs delivered by provinces and territories (\$1.95 billions) and pan-Canadian activities (\$250 millions). Funding for the Employment Benefits and Support Measures, and similar programs, is distributed on the basis of two resource allocation models: (1) base funding of \$1.15 billions and (2) reinvestment of reform savings of \$800 millions.⁵⁹ The pan-Canadian budget is not distributed through a resource allocation model but is allocated by HRSD to respond to national or multi-regional challenges of special labour market issues.

All provinces and territories receive reinvestment funds. The major factor determining the allocation of reinvestment to each jurisdiction is reduction of the impact of the 1996 EI reforms to a more uniform level across regions ensuring that the net impact of EI reform in 2001/02 is relatively similar across provinces. To a lesser degree, the allocation of reinvestment was also intended to recognize the need to reduce the level of cross-subsidization between regions. The funds were allocated so that the net impact in provinces that are net contributors⁶⁰ was at least one percentage point below the level of the net impact in provinces that are net beneficiaries.⁶¹

⁵⁹ The total allocation under reinvestment increased annually from \$175 millions in 1996/97 to \$800 millions in mature years, beginning in 2000/01.

⁶⁰ Any province or territory whose workers contribute more to the EI program than the EI benefits received by its residents.

⁶¹ Any province or territory whose workers contribute less to the EI program than the EI benefits received by its residents.

This item is accompanied by a CD-ROM.

Please inquire at the Reference Desk on this floor for access to the CD-ROM.

